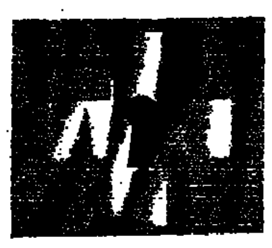
# FINANCIAL TIMES

**European Central Bank**

*Too much like the Bundesbank for comfort*

Personal View, Page 18



**Swiss banks**

*If secrecy goes, can they compete?*

Page 2

**Jungle lessons**

*Lions win by 'continual mentoring'*

Management, Page 14

**FT WEEKEND**

*Conflict up and down the keyboard*

TOMORROW

World Business Newspaper http://www.FT.com FRIDAY AUGUST 8 1997

# BAe joins Saab in offer of Nato jets for Czechs

British Aerospace and Saab, the Swedish aircraft group, have offered to license production of their Gripen fighter jet to the Czech Republic, thus raising the stakes in the west's scramble to sell Nato-compatible fighters to central European countries. The offer exceeds anything yet placed on the table by France's Dassault, maker of the Mirage fighter, or US manufacturers Boeing (F-18) or Lockheed Martin (F-16). Page 18

**Long-term 2.5% growth forecast:** The "new economy" of the US, powered by technological advances, will produce long-term sustainable non-inflationary growth of between 2.5 per cent and 3 per cent annually, the National Association of Manufacturers said. Page 5

**Geneva site for Korean peace talks:** North and South Korea, the US and China have made progress toward four-party peace talks to bring a formal end to the 1950-53 Korean war. Geneva has been tentatively chosen as the site for the talks. Page 3; A Korea change, Page 17

**Mediation hope on UPS impasse:** Federal mediators were hoping to re-start talks between United Parcel Service and the Teamsters union to end a strike that has almost halted domestic deliveries by the biggest US parcel company. Page 5; Editorial Comment, Page 17

**Market tuned in to Fuji TV listing:** The listing today on the Tokyo stock market of Fuji Television Network, one of Japan's five national commercial broadcasters, is being watched as a measure of investor interest in Japan's nascent digital satellite broadcasting industry. Earlier this year, Fuji TV said it would join Rupert Murdoch's JSkyB venture with Sony and computer software company Softbank. Page 19

**Barclays shares rise on buy-back:** Barclays, the UK bank, announced plans to buy in another £400m of its shares and step up its dividend payout as it beat forecasts with an 11 per cent improvement in first-half operating profits to £1.33bn ($2.16bn). Barclays has already bought back £290m of shares this year. Page 19; Lex, Page 18

**Proton,** the Malaysian carmaker, warned it would be hit by depreciation of the ringgit against the yen. The statement was one of the first to acknowledge that the ringgit's decline was affecting results, and demonstrated Proton's dependence on components imported from Japan. Page 19

**Cuba unsettled after bombings:** A series of bombings at Cuban hotels and tourist offices is taking its toll on confidence among visitors and tour companies in Havana. The Cuban government blames the US for the attacks, which seem to be aimed at scaring off foreign visitors and damaging the fastest-growing economic sector on the communist-run island. Page 18

**IMF warning to Hanoi:** Vietnam needs a "new generation" of rapid and comprehensive reforms if it is to avoid economic slowdown, the International Monetary Fund warned. Page 3

**Wait for spares in space:** Hours before arrival of a replacement crew, the problems aboard the Mir space laboratory grew more complex when Russian Mission Control said an oxygen generator could not be fixed until a new part arrived this autumn. They stressed that the crew had enough air for at least 2½ months.

**DuPont,** largest chemical company in the US, said it would invest $1.7bn for an eventual 20 per cent stake in Pioneer Hi-Bred International, the Iowa-based agricultural technology group. The companies will also form a joint venture to be called Optimum Quality Grains. Page 19

**Aircraft crash:** Four crew were presumed dead in the crash of a DC-8 cargo aircraft that went down after taking off from Miami International Airport. The jet was operated by Fine Air, which began offering stock on the Nasdaq exchange the day before the crash.

**King bows to coup:** Cambodia's ailing King Norodom Sihanouk gave a green light for strongman Hun Sen to replace the king's son, Prince Norodom Ranariddh, as co-prime minister, effectively endorsing last month's coup.

**Cricket:** Australia were 302 for three at the end of the first day of the fifth Test against England at Trent Bridge, Nottingham. They lead the six-match series 2-1.

**FT.com:** the FT web site provides online news, comment and analysis at http://www.FT.com

**STOCK MARKET INDICES**

| | | |
|---|---|---|
| New York: lunchtime | | |
| Dow Jones Ind Av | 8,261.17 | (+1.86) |
| NASDAQ Composite | 1,631.58 | (+1.14) |
| Europe and Far East | | |
| CAC40 | 3,058.34 | (+19.25) |
| DAX | 4,414.35 | (+78.96) |
| FTSE 100 | 5,086.8 | (+60.6) |
| Nikkei | 19,475.85 | (-226.22) |

**US LUNCHTIME RATES**

| | |
|---|---|
| Federal Funds | 5½% |
| 3-mth Treas Bills: Yld | 5.27% |
| Long Bond | 101⅞ |
| Yield | 6.477% |

**OTHER RATES**

| | | |
|---|---|---|
| UK: 3-mo Interbank | 7⅛% | (same) |
| UK: 10 yr Gilt | 101⅞ | (same) |
| France: 10 yr OAT | 98.99 | (99.15) |
| Germany: 10 yr Bund | 102.32 | (102.42) |
| Japan: 10 yr JGB | 106.5832 | (106.2581) |

**NORTH SEA OIL (Argus)**

| | | |
|---|---|---|
| Brent Dated | $18.91 | (19.1) |

**GOLD**

| | | |
|---|---|---|
| New York: Comex | | |
| (Aug) | $321.5 | (318.2) |
| London: | | |
| close | $321.4 | (320.15) |

**DOLLAR**

| | | |
|---|---|---|
| New York: lunchtime | | |
| £ | 1.58995 | |
| DM | 1.87075 | |
| FFr | 6.3085 | |
| SFr | 1.53085 | |
| Y | 118.535 | |
| London: | | |
| £ | 1.586 | (1.6011) |
| DM | 1.8733 | (1.8745) |
| FFr | 6.3213 | (6.3276) |
| SFr | 1.5302 | (1.5288) |
| Y | 118.5 | (118.9) |
| Tokyo close: | Y 118.85 | |

**STERLING**

| | | |
|---|---|---|
| DM | 2.9711 | (3.0012) |

# US acts to reduce call charges

## International rates to fall under FCC proposals

By Bruce Clark in Washington

The US yesterday launched a campaign to reduce charges for international telephone calls by limiting the amount that US carriers pay their overseas partners.

The plan, which alarmed the telecommunications authorities of many countries when it was published in draft form last December, has been modified to give poorer countries longer to adapt to the system.

But the proposals adopted yesterday retain the principle that net payments by US carriers should be limited by benchmarks, reflecting the Federal Communications Commission's view of objective costs.

Mr Reed Hundt, the FCC chairman, said the plan should bring about a "radical, radical drop" in prices and end the net transfer of $5bn per year from US carriers to foreign partners.

US officials said their approach should benefit all participants in the $60bn per year international telephone market because traffic will increase as prices fall.

Over-charging by foreign partners was the main reason why US consumers paid about 88 cents per minute for overseas calls, compared with 13 cents per minute for long-distance domestic calls, an FCC official said.

The change has met strong opposition among developing countries which use hard-currency income from processing international calls to fund construction of domestic telephone systems.

Under the plan laid out yesterday, non-US telephone markets would be divided into five categories. Each category is assigned a benchmark or maximum rate per minute for the completion of calls, and a timetable for introducing it. The richest countries, such as Japan and those in the European Union, would have to switch to 15 US cents from next year; "upper-middle income" countries to 19 cents within two years; lower-middle income nations to 19 cents within three years; low-income countries to 23 cents within four years; and the poorest countries to 23 cents within five years.

Officials at the US Federal Communications Commission, said they were prepared to shelve their proposals if other countries agreed on a co-ordinated approach to rate-cutting through the International Telecommunications Union.

"Our initiative is an incentive to the multilateral community to take action," one FCC official said. "The Commission may forbear on its own plan if a multilateral settlement is reached."

Cable and Wireless, the UK-based telecommunications group, said it expected to be "active in opposition" to the decision. It said the issue should be handled collectively through the ITU. "This attempt by the FCC to deal with the issue of accounting rates unilaterally risks undermining the very existence of international telecoms services," said Mr John Taylor, head of regulatory affairs.

FCC officials said they would monitor the market carefully to see whether US carriers passed the benefits of falling costs on to consumers.

# Oneximbank sets sights on Russian oil sale

By John Thornhill in Moscow

The president of Russia's Oneximbank group, Mr Vladimir Potanin, yesterday set his sights on acquiring Rosneft, the last big state-owned oil company, when it is privatised later this year.

Mr Potanin said in an interview with the Financial Times that Rosneft, which accounts for 5 per cent of the country's crude oil output, would fit well with Oneximbank's existing oil industry interests, primarily concentrated in the far east.

Vladimir Potanin: looking to make more acquisitions

The banker has secured his position as one of Russia's most powerful entrepreneurs with the controversial purchases within the past fortnight of the government's stakes in Svyazinvest, the telecoms holding company, and in Norilsk Nickel, the mining group.

He predicted that the Rosneft sale would turn into Russia's most fiercely contested privatisation yet, drawing in local banks and oil companies as well as foreign strategic and portfolio investors. Moscow has still to set a timetable for the auction and decide how much it wants to sell, but Rosneft could easily fetch more than $1bn for the cash-strapped government.

Rosneft contains a mixed bag of producing and refining interests. It is involved in potentially lucrative developments in the Sakhalin islands, in the far east, and in the Caspian Sea. Its privatisation will be a test of the government's new-found commitment to sell assets openly and for the highest price.

Mr Potanin's ambitions seem likely to pit him once more against Mr Boris Berezovsky, deputy head of the security council and former head of the Logovaz group, which has also expressed an interest in Rosneft. Mr Berezovsky's group includes Sibneft, a Siberian-based oil producer, which has been developing close ties with Rosneft.

The two businessmen have already clashed this year over the sale of the government's 25 per cent shareholding in Svyazinvest. Mr Potanin won that contest with a $1.9bn bid and went on this week to secure 38 per cent of Norilsk Nickel for $251m.

Mr Potanin said the "bankers' war", as it has been called in the Russian press, was a sign that the country's economy was developing in a new competitive direction. "There is real competition in the economy and we believe that

Continued on Page 18

Kenyans take to Nairobi's streets yesterday to support President Daniel arap Moi as the government came under pressure from International Monetary Fund officials concerned about the issue of corruption in the country. Report, Page 4 Picture: AP

# Microsoft deal lifts Apple still higher

By Louise Kehoe in San Francisco

Apple Computer shares continued to rise yesterday, as details emerged of its groundbreaking alliance with Microsoft, the world software leader.

The deal, under which Microsoft has taken a minority stake in Apple for $150m and won a place for more Microsoft software in Apple computers, also included the settlement of a long-festering patent dispute between the companies.

Microsoft also committed itself to develop applications software for future Apple personal computers, but that commitment yesterday appeared narrower than observers had assumed.

In particular, Microsoft's endorsement of the Apple Macintosh does not extend to Rhapsody, a PC operating system under development at Apple. Microsoft has agreed to continue to develop and ship software to run on Apple's Macintosh PCs for the next five years. However, Microsoft has not agreed to develop software to run on Rhapsody, upon which Apple is pinning hopes for its future growth, because it was not yet well enough defined to include in the deal, Microsoft said.

Details of the settlement of the patent dispute between the two companies remain sketchy. Apple is understood to have claimed that Microsoft was infringing one or more Apple patents. Talks on the issue had been under way for about a year. Microsoft declined to comment directly, but Mr Greg Maffei, Microsoft chief financial officer, acknowledged that "there are always patent disputes" among computer companies.

Microsoft has agreed to pay undisclosed amounts to Apple over the next two or three years to resolve the dispute. Mr Fred Anderson, Apple's acting chief executive and chief financial officer, said they were "not material" in

Continued on Page 18
World stocks, Page 36

# Asia fears tamagotchi pets are becoming virtual pests

By Gillian Tett in Tokyo and James Harding in Shanghai

Tamagotchi – the egg-shaped electronic "pets" devised by the Japanese toymaker Bandai – may be a commercial success but they are a social curse, according to Asian politicians.

The toys feature a liquid crystal display and beep at their owners when they need to be fed, bathed, disciplined or loved - and "die" when neglected.

But in recent weeks, leaders in China, South Korea, Singapore and the Philippines have complained that are a malign influence on Asia's infants.

Last week, the People's Daily, mouthpiece of China's communist leadership, published a stern editorial on electronic pets "most of which are imported and no good for students' patriotic education".

In South Korea, the government has imposed a national ban on playing with virtual pets in school, and many schools in Thailand and Hong Kong have barred them.

Bandai, in the best tradition of Japanese companies' sensitivity to customers, has heard the complaints and quickly come up with a response.

On Sunday it will launch a new version featuring an "angel", which rises to heaven at the end of its "life" instead of dying. The virtual angel is partly a response to comments such as those from one Philippines official: "It awakens in the child an early sense of death, which is not good."

Other models are being launched for boys who might lack nurturing skills, one featuring a monster which needs to be fed virtual vitamins in order to kill its rivals.

Planned spin-offs even include a scuba-diving gadget that can take the electronic pet underwater.

Tamagotchi have captured young Asian hearts since their launch last November. In the next two months, Bandai hopes to sell 2m of the new virtual pets. And it is now forecasting global sales of 40m in the year to March 1998 – almost as many as the annual number of video recorders sold worldwide.

"Demand has been better than we ever imagined; we thought this might be a Japanese craze, but now realise it is global," one Bandai official said yesterday.

Bandai refuses to reveal its profit margins, but says sales of the toys, which retail for between $15 and $20, should reverse the Y7.9bn ($66.94m) net loss it recorded in its financial year to March 31.

About 20m of the 1997-98 sales are destined for Japan, where sales have already topped 10m. But 10m will be aimed at the US, and a further 10m at Europe and Asia. Several million other counterfeit tamagotchi are also estimated to be circulating now, primarily produced in China.



CONTENTS

Mondragón leaders hope to cut Herri Batasuna influence and boost alliance against violence

# Basque moderates try to oust mayor

By Tom Burns in Madrid

Mondragón, the centre of the Basque country's industrial co-operatives, became the symbol of the troubled region's bid for political normality last night as moderates pressed ahead with a motion to deprive Herri Batasuna, the radical party that supports Eta terrorism, of its control over the town's council.

Political leaders hope that the motion to eject the Herri Batasuna mayor, Mr Xabier Zubizarreta, whose party controls just six seats on Mondragón's 21-member council, will shore up an all-party alliance against violence that has recently shown signs of losing momentum amid intimidation from the radicals and rivalries among the moderates.

A councillor representing the mainstream Basque Nationalist party, PNV, in nearby Oyarzun, a town run by Herri Batasuna, reported yesterday that a warehouse he owned had been firebombed by hooded youths.

In the small municipality of Villava, conservatives voted with Herri Batasuna to demand the release of jailed Eta members after dozens of radicals crowded the village hall to monitor the show of hands among the councillors.

The anti-Herri Batasuna alliance was forged early last month in the aftermath of unprecedented civic protests against terrorism that followed the kidnap and murder by Eta of Miguel Angel Blanco, a conservative councillor in a small Basque town.

But last week the conservative mayor of the town of Vitoria, the seat of the PNV-led Basque government, overruled protests from the Socialist party when he allowed Herri Batasuna to open propaganda booths during the town's annual fiestas.

In Mondragón, which has a population of 25,000 and is Herri Batasuna's municipal power base, radicals draped posters of local people who have been jailed in connection with Eta activities around the town hall ahead of the late-night debate on the censure motion.

Councillors representing the PNV, Eusko Alkartasuna, a nationalist splinter group, and the Socialist party, which together have a majority on the council, said they would bury past differences that had allowed Mr Zubizarreta to govern and vote in a PNV member, Mr José María Loti Aguirre, as the new mayor.

The censure motion alleges that Mr Zubizarreta supports violence and is not fit to ensure law and order in the town.

Mr Loti Aguirre said Herri Batasuna's supporters would have to respect majority sentiment in Mondragón: "If they don't, that's their problem."

# Inflation rate slows in Greece

By Kerin Hope in Athens

Greece's inflation rate slowed to an annualised 5.4 per cent in July from 5.5 per cent in June, resuming a downward trend that has reduced inflation to a level not touched since 1972.

Monthly consumer prices dropped 1.7 per cent in July, because of a sharp fall in prices for fruit and vegetables, and reductions at the summer sales in prices for clothes and household appliances, the Greek statistical service said. Prices for fresh fruit, an important item in the Greek consumer basket, fell by as much as 25.8 per cent.

But the outlook for a continued decline in inflation is clouded by the US dollar's record-breaking rise against the Greek drachma, which has already triggered a sharp increase in fuel prices. The dollar has appreciated by 16.5 per cent against the Greek currency since the start of the year.

Greece's Socialist government has made reducing inflation a priority in the struggle to catch up with the rest of the EU and eventually take part in economic and monetary union.

Annual inflation slowed from 7.5 per cent last December to 5.4 per cent in May, despite higher budget spending which included generous wage increases for public-sector workers.

But Greek inflation is still more than three times the EU average, and the government faces a difficult task in achieving its year-end target of 4.5 per cent.

The Socialists are considering unorthodox measures for keeping inflationary pressures under control for the rest of the year. Price increases for transport and utilities are likely to be postponed or held to a minimum, though state-controlled corporations are now supposed to set tariffs at rates that will comfortably cover operating costs.

Mr Michael Chrysohoides, deputy commerce minister, is trying to negotiate an agreement between food processors and supermarket chains to hold down prices for a 12-month period. This would boost the government's chances of achieving its 1998 target of reducing inflation below the 3 per cent level set by the Maastricht treaty for participation in Emu.

Much of this year's decline in inflation has resulted from lower prices for staple products such as olive oil and fresh fruit, together with a reduction in taxes on heating oil. Greek households still spend over 20 per cent of their income on food, and prices for fresh produce are extremely volatile.

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# Bonn close to resolving VW row

By Emma Tucker in Brussels and Andrew Fisher in Frankfurt

The German government said yesterday it was close to a reaching an agreement with the European Commission on a solution to the acrimonious year-long dispute over investment subsidies granted to Volkswagen.

The economics ministry in Bonn said negotiations were now in their final phase and could be completed after the summer break. But neither the car company nor the ministry would comment on reports that VW would have to repay nearly DM85m ($46m) of some DM91m of illegal subsidies granted by the state of Saxony in east Germany.

"We hope to reach an acceptable compromise," VW said.

A settlement of the dispute would close one of the most bitter arguments between the Commission and a member state over state aid.

The row flared a year ago when the state of Saxony defied a ruling by Brussels that it should not pay DM241m of subsidies for two VW plants in its territory. Ignoring threats from Brussels, Saxony disbursed DM92m of the illegal aid. This prompted a furious reaction from the Commission, which is responsible for maintaining fair competition inside the EU's single market. The case was particularly sensitive as the ruling by Brussels went against German government policy of assisting the former communist states of east Germany to restructure their economies.

The Commission has generally supported the German government's efforts to rebuild east Germany, but recently Mr Karel Van Miert, the competition commissioner, has expressed concern that the use of subsidies in Germany has got out of control. He maintained that the aid to Volkswagen was a straightforward distortion of competition and insisted that the full amount of illegal aid be repaid.

Yesterday a spokeswoman for the Comission said Brussels was still working to reach a "satisfactory compromise" with Germany over the controversial subsidies. But she refused to confirm reports that VW would have to pay back DM85m.

However, the figures are understood to form the basis for a possible compromise between Brussels and Bonn.

If the two sides settle the argument, it is likely that the Commission will withdraw a case against Germany in the European Court of Justice. The Saxony state government in Dresden declined to make any comment. It originally argued that VW, which already has plants in Mosel near the Saxon town of Zwickau and in Chemnitz, would decide against further expansion there and opt for investment in eastern Europe if subsidies were not paid.

Mr Michael Sagurna, state government spokesman, said he welcomed the fact that negotiations over a compromise were taking place.

# Swiss banks guard the secrets of their success

When Union Bank of Switzerland, the country's most powerful bank, unveiled its profits earlier this week, it let slip for the first time how much money it made from offering private banking services to wealthy customers in Switzerland and abroad. If the bank does anywhere near as well in the second six months of 1997 as it did in the first it will probably earn close to SFr2bn ($1.3bn) on a business with a capital of SFr2.5bn.

If the other big Swiss banks are as open as UBS then they will also probably have to admit that they are making a similar fortune in an area where the Swiss banks are the undisputed world leaders.

What's the secret? The big three Swiss banks are generally well run institutions which have the advantage of being based in a neutral country with a record of political stability and a strong currency.

But plenty of other banks around the world offer equally good, if not better, private banking services, which raises the question of why a small country like Switzerland, with a population of 7m, accounts for as much as a third of the world's offshore private banking business. The answer is almost certainly tied up with the question of Swiss bank secrecy.

Hence, Switzerland's decision to waive its bank secrecy rules in order to publish the names of 1,785 foreign holders of dormant bank accounts opened before the second world war has raised concerns about whether Swiss bank secrecy will ever be the same again. Mr Edgar Bronfman, who as president of the World Jewish Congress has led the fight to force Swiss banks to open their records on Holocaust-era accounts, regards the move as marking the end of Swiss bank secrecy. However, Mr Kurt Hauri, chairman of the Swiss Banking Commission, says that it is a one-off event which will not damage Switzerland's bank secrecy laws. Mr Robert Studer, chairman of UBS, says the publication "in no way compromises or infringes our rigorous standards with regard to the protection of customers' privacy".

Nevertheless, Swiss bankers are worried by recent events. In 1984 Swiss voters rejected by three to one a proposal by Switzerland's Socialists, the country's biggest political party, to weaken bank secrecy laws substantially.

Last December the Swiss government dismissed a call by some MPs to abolish bank secrecy. But Swiss politicians increasingly blame the secretive attitude of the banks for the recent sharp decline in Switzerland's international popularity. If a referendum on amending Swiss bank secrecy laws was to be conducted today, Switzerland's bankers would probably receive a nasty shock.

These days, Swiss bankers like to argue that the advantages of Swiss bank secrecy are overstated. Mr Maurice Aubert, a Geneva lawyer who specialises in the subject, insists that it is not a Swiss speciality like watches or chocolates. Switzerland, unlike Austria, does not allow anonymous numbered bank accounts to be opened without the name of the holder being known, and Swiss bank secrecy has never been absolute. Swiss bankers are increasingly called upon to disclose information to help track down criminals and block the bank accounts of deposed foreign dictators.

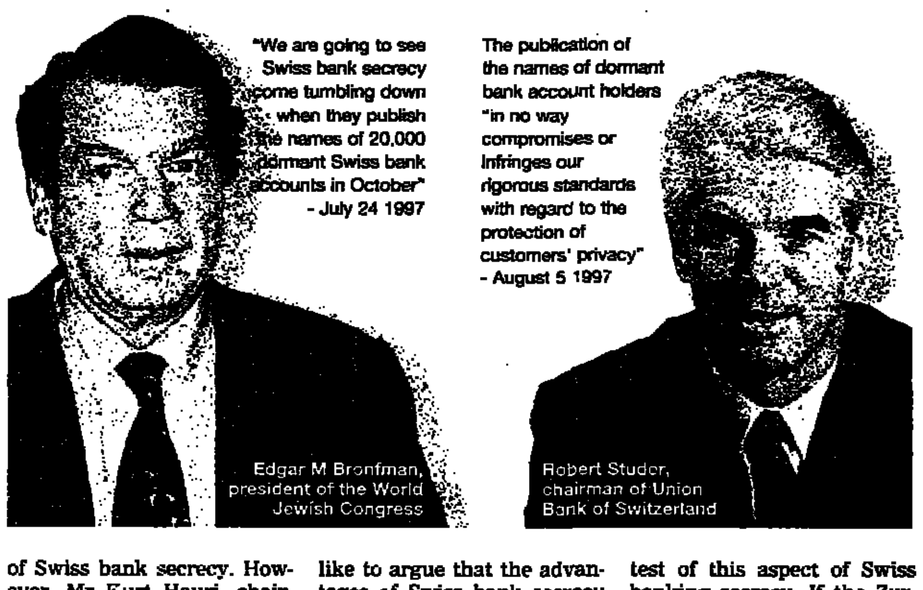
However, there are two areas where Swiss banks have a competitive edge in the bank secrecy business. Breaching bank secrecy is still a criminal offence in Switzerland and bankers are obliged to take their secrets with them to their grave. Otherwise they face a fine of up to SFr50,000 or six months in jail. The case of Mr Christoph Meili, the UBS watchman who lost his job after catching UBS shredding Holocaust related documents, will be an interesting test of this aspect of Swiss banking secrecy. If the Zurich district attorney does not prosecute Mr Meili for stealing documents from UBS many Swiss bankers will be disappointed.

The second area where Swiss banks differ from the competition is in disclosing information to overseas tax authorities. Tax fraud is not condoned, but tax evasion is another matter. This is one reason why Switzerland is reluctant to join the European Union. It would lose one of its key advantages as a private banking centre for wealthy citizens of the EU.

Swiss bank secrecy, despite all the myths attached to it, remains the most powerful weapon in the private banking armoury of the Swiss banks. But like all good secrets it is best not talked about. Dr Günter Woernle, author of the respected Wernlim directory of Swiss private banking, is convinced that if Swiss bank secrecy was abolished, a large part of Switzerland's private banking business would disappear.

**William Hall**

**It's no secret they disagree**




Edgar M Bronfman, president of the World Jewish Congress

Robert Studer, chairman of Union Bank of Switzerland

# Belgrade firm over write-off proposal

By Matej Vipotnik in London

Two months after negotiations started, Yugoslavia and its London Club creditors seem poles apart over an audacious proposal from the Belgrade government that 80 per cent of its $2.4bn commercial bank debt be written off. Yet some western specialists in Yugoslav debt argue that, without imaginative concessions, the banks are unlikely to get any of their money back.

Mr Danko Djunic, deputy prime minister, insisted last week that Yugoslavia could afford to return no more than $500m. His government's specific proposal is to restructure $481m of debt through a 25-year syndicated loan with a nine-year grace period.

"Eighty per cent is obviously very ambitious," said Mr Christopher Huhne, managing director of sovereign ratings at IBCA. "The biggest discount which we have seen which might be comparable in the region has been Poland, which had 50 per cent cut in the net present value of the debt."

However, Mr David McWilliams, strategist with Banque Nationale de Paris in London, said that, on an economic basis, "anything less than 50 per cent [as a write-off] would make the deal unsustainable" and would increase the likelihood of default.

A London Club official said any write-off would have to be seen in the context of the other former Yugoslav republics which, with the exception of Bosnia, obtained limited write-offs from the London Club of banks.

If Yugoslavia strikes a deal with the London Club, it will require approval to service the debt from its official creditors, the Paris Club and the International Monetary Fund. The Yugoslavs' ability to service debt is also questionable without economic stabilisation policies, which will require IMF assistance. The combined London and Paris Club debt service is likely to be in the region of $350m in the first year. Estimates for the total debt-servicing burden range from $500m to $1bn, a report by ING Barings says.

An outer wall of financial sanctions against rump-Yugoslavia remains in place, barring it from access to the IMF and international capital markets. Mr Djunic said that Yugoslavia will start paying back its debts only after it rejoins the IMF.

Yugoslav officials say the debt-restructuring could be handled in a variety of manners, and "bonds are definitely an option." London Club officials denied that a "Brady bond" deal was under discussion. Brady bonds are exchanged for unrecoverable sovereign debt and backed by long-term US Treasury bonds.

# Turkish Islamists in confident mood

By John Barham in Ankara

Leaders of Welfare, Turkey's Islamist opposition party, say they are winning a war of attrition against the secularist coalition that took office in June after the army forced Mr Necmettin Erbakan, modern Turkey's first Islamist prime minister, from power.

Welfare MPs allied with their former conservative coalition partners have delayed the government's attempts to ram secularist education reforms through parliament. The ruling conservative-social democrat alliance hoped to win rapid parliamentary approval for its reforms, announced two weeks ago.

Although the government has a nominal majority in parliament for the bill, Welfare and its True Path party allies, plus pro-Islamist rebels within the Motherland party of Mr Mesut Yilmaz, the prime minister, have held up progress at the committee stage.

The opposition has resorted to a range of ingenious and, the government claims, illegal procedural delays. MPs have even come to blows in the committee room. The legislation, first demanded by the pro-secularist army in February, is now unlikely to receive a reading on the floor of the parliament until next week, buying precious time for the opposition.

It hopes to derail the reforms, which extend compulsory education to eight from five years and would curtail enrolment in government-funded religious schools, long enough to prevent them being enacted in the next school year which starts in September.

Mr Erbakan accused the government of "fighting against the people's beliefs and history". He said plans by Mr Yilmaz to raise taxes to pay for the reforms mean that "on one hand they are taking money from the people, and on the other not teaching people their religion. This cannot be".

Mr Abdullah Gül, a confidant of Mr Erbakan, said a government prosecutor attempting to close Welfare had "shocked respectable" legal opinion in Turkey with a weak submission demanding the party's closure for anti-secular activities.

Mr Vural Savaş, constitutional court prosecutor, first demanded the party's closure in May. Welfare submitted its defence on Monday and a day later Mr Savaş gave his opinion in an 81-page submission.

The government's Anatolia news agency said Mr Savaş alleged Welfare violated a constitutional article which says no party can contradict "secular republican values". Welfare also contravened the criminal code and the political parties law that bar political use of religion or anti-secular activity.

The prosecutor said unidentified "foreign elements which do not want a strong, independent Turkey in the Middle East" were using Welfare to undermine the secular state. He said these same elements had fomented feelings among anti-Turkish Armenian and Kurdish terrorists. They were now trying to attain their objectives by "awakening fundamentalism".

Mr Gül claimed the prosecutor's approach was "good for us. He could have acted seriously and followed legal procedure. We do not really believe they will close the party. There are too many risks".

## EUROPEAN NEWS DIGEST

# Germany eyes DSL sell-off

The German government yesterday confirmed it might sell its 51.5 per cent stake in DSL Bank, the Bonn-based bank, to Deutsche Postbank, the postal savings institute being lined up for privatisation. The finance ministry in Bonn said the sale of the majority stake was "an option under consideration".

Since DSL's partial privatisation in 1989, 48 per cent of its shares have been listed via a holding company. But a further sale could be complicated by the ownership structures of DSL and Postbank. Based on DSL Bank's recent share price, the government's remaining stake could be worth about DM600m ($320m). A 0.5 per cent stake in DSL Bank is owned by German federal states.

Postbank and DSL have confirmed that they have been in negotiations for two years about possible co-operation arrangements. Mr Dieter Boening, who became head of Postbank at the beginning of last month, was previously chairman of DSL Bank. *Ralph Atkins, Bonn*

■ GERMAN SPELLING

## Court blocks changes

The move to reform German spelling suffered a further setback yesterday when a court in the state of Lower Saxony blocked the introduction of the controversial changes in local schools. The ruling by the administrative court, made in response to a case brought by a mother, follows a similar judgment by a court in the state of Hesse. It strengthens the possibility that Germany's constitutional court, the highest court of the land, will eventually have to rule on the issue.

The court in Lower Saxony said there was insufficient legal basis for the introduction by directive from the state culture ministry of the spelling reforms, which have taken language experts, civil servants and politicians from Germany, Austria and Switzerland over 10 years to hammer out. *Frederick Stüdemann, Berlin*

■ HOLOCAUST FUND

## Red Cross man becomes chief

Mr Marco Sassoli, deputy head of the legal division of the International Committee of the Red Cross, has been appointed secretary-general of the Swiss government-backed special fund for needy victims of the Holocaust.

The fund, which has been financed by a SFr170m ($111m) contribution from Swiss banks and industry, was set up to meet criticism that Switzerland has not done enough to help victims of the Holocaust.

Last month it announced its first contribution of SFr17m, aimed at an estimated 60,000 people in eastern Europe and the former Soviet Union categorised as the "neediest of the needy". Although the special fund is smaller than the Swiss government's proposed SFr7bn solidarity fund, there has been growing speculation the latter may never come to fruition because of growing political opposition in Switzerland. *William Hall, Zurich*

■ ROMANIA

## Seventeen enterprises to shut

Mr Victor Ciorbea, Romania's prime minister, yesterday announced immediate closure of seventeen heavily indebted state-owned enterprises including three oil refineries. Mr Ciorbea said, "the liquidation process can go on for months, but we cannot sit and wait for these companies too incur more and more losses." He said therefore that supplies of electricity and gas would be cut off immediately.

In all, 30,000 jobs will go from the companies, which have debts of $268m. The government has taken these controversial steps only after strong pressure from the International Monetary Fund. Mr Ciorbea said: "From this moment, the government, trades unions and the population as a whole must pass the ultimate baptism of fire of structural reform". *Anatol Lieven, London*

■ CZECH REPUBLIC

## Flood bond 'must be speeded'

The Czech government has asked the finance ministry to speed up a bond issue to pay for flood relief, as the country continues to mop up from one of its worst disasters in a century. Mr Václav Klaus, the prime minister, said that he hoped a second Kč1bn ($29m) tranche of five-year bonds would be hastened in order to help limit economic damage from the flooding.

"It's possible that the issue [originally planned to be launched on September 1] may occur a few days earlier," he said, adding that some 2,300 people in the area, which has the country's highest unemployment rate, had been put to work in the clean-up operation. *Reuter, Prague*

■ RUSSIA

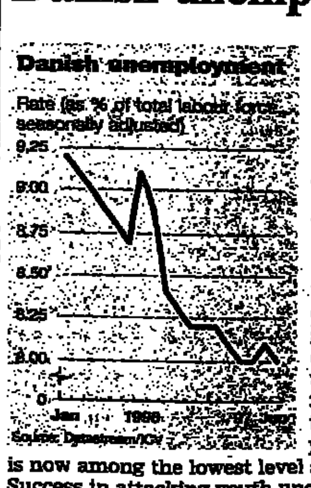
## Salary delay prompts suicide

A worker at the main electric power plant in Russia's Far East blew himself up because he was despondent over chronic salary delays, police said yesterday. Mr Nikolai Mikhailuk, a shop chief at the Primorye region power plant, used a home-made explosive device to kill himself recently in front of the plant's administrative offices, the local Interior Ministry branch reported. There were no other casualties.

Mr Mikhailuk left a note saying that he had decided to commit suicide because he had "no means of existence", said a spokesman, Mr Mikhail Churkin. *AP, Vladivostok*

## ECONOMIC WATCH

# Danish unemployment falls




Unemployment in Denmark fell to 7.3 per cent (seasonally adjusted 8.0 per cent) in June from 8.1 per cent a year earlier, according to the official statistical office. The unemployment rate peaked in early 1994 at 12.3 per cent and has fallen steadily in step with a recovery in the economy, which is expected to achieve a GDP growth rate of about 3 per cent this year. Youth unemployment – 16- to 24-year-olds – fell in June to 4.8 per cent against 5.8 per cent a year earlier, and is now among the lowest level among EU countries. Success in attacking youth unemployment is attributed by the government to a tightening of the terms on which unemployment benefit can be obtained. From the beginning of last year, the under-25s take a sharp cut in the dole unless they enrol in a vocational training course lasting at least 18 months.

Further factors in reducing unemployment, as measured by official statistics, are programmes for early retirement and schemes for withdrawing people from the labour market permanently or temporarily.

In June this year 280,300 people were affected by these schemes, compared with 202,900 people who were classed as unemployed. *Hilary Barnes, Copenhagen*

King Bhumibol: active interest in his country's affairs *Popperfoto*

# Thailand's king calls in PM

**By Ted Bardacke in Bangkok**

King Bhumibol Adulyadej, Thailand's revered and powerful monarch, yesterday summoned his prime minister, Gen Chavalit Yongchaiyudh, to his sprawling Chitalada Palace to explain the country's woeful economic situation.

The audience came as the government attempted to forestall a run on deposits at small commercial banks and finance companies, sparked by Tuesday's closure of 42 more finance companies.

No details were released of the three-hour meeting between the monarch, the prime minister, Mr Thanong Bidaya, finance minister, and Mr Chaiyawat Wibulswadi, Bank of Thailand governor. But the mere fact that it took place has heightened speculation about the future of the Chavalit-led government.

With the nine-month-old government having repeatedly reversed course on financial matters and forced the resignations of both a finance minister and central bank governor, guarantees by Gen Chavalit that depositors at Thailand's remaining financial institutions would be protected were met with scepticism and ridicule.

In recent days, leading intellectuals, newspapers and elder statesmen, including some known to be close to the royal inner circle such as a former prime minister, Mr Anand Panyarachun, have called for the prime minister's resignation.

As a constitutional monarch, King Bhumibol, 69, takes an active interest in his country's affairs but in the past has refrained from exercising his considerable powers of intervention except in times of extreme crisis such as a military coup or a hung parliament.

Officials say some explanation of the monarch's meeting with his prime minister may be offered today.

Belief that the meeting would lead to Gen Chavalit's resignation and the appointment of a caretaker government to pass a new constitution and oversee new elections pushed the stock market up and the currency higher, brokers and traders said.

Rumours of an impending military coup – consistently denied by Thailand's armed forces – have been circulating for a number of weeks. Such rumours have some foundation among Thai people because of the military's record of bringing down governments that have lost the trust of the public through either corruption or incompetence.

But Gen Chavalit's strong military background and the military's humiliation after bloody demonstrations in 1992 have apparently kept the brass at bay.

"If the prime minister had not been *Nai Jiew* [Boss Chavalit], the military would have used force to bring down the government already," Gen Sunthorn Kongsompong, former chairman of the military junta that took power in 1991, said last week.

Measures to help small commercial banks that have suffered massive withdrawals over the past two days were drawn up yesterday. Larger banks, which have seen an influx of deposits, will lend money to a government fund which will then recycle the money back to the smaller banks.

A big problem with this system will be the need to move large amounts of cash rapidly from branch to branch through Bangkok's congested city streets, the president of one of the large commercial banks said. He said his suggestion to the prime minister that the government use helicopters to move money around the city was being considered.

# Progress at Korean talks

**By John Burton in Seoul**

North and South Korea, the US and China have made progress in arranging four-party peace talks to bring a formal end to 1950-53 Korean war, but several significant issues still need to be resolved, officials in Seoul said yesterday.

The preparatory talks in New York have tentatively chosen Geneva as the site for the peace talks, which will be attended by foreign ministers of the main combatants in the Korean war. The peace negotiations would begin six weeks after the arrangements are completed, with each country chairing the discussions on a rotating basis.

But the talks could still be derailed by North Korea's demand that it should sign a peace treaty exclusively with the US, while the withdrawal of the 37,000 US troops stationed in South Korea should be put on the negotiating agenda.

South Korean officials said China opposed the North Korean demand, as did the US and South Korea. North Korea has long proposed an exclusive peace treaty with the US that would lead to the withdrawal of US troops.

Washington and Seoul view the proposal as an attempt to weaken their security alliance.

Instead, the US and South Korea are proposing confidence-building measures that would be implemented with the signing of the peace treaty among the four parties. This would include moving back the 2m troops that confront one another along the heavily fortified demilitarised zone that separates the two Koreas.

Pyongyang believes such confidence-building measures should be subject to separate negotiations between North and South Korea once US troops are withdrawn.

The US and South Korea last year proposed the peace talks as an attempt to force North Korea to resume political dialogue with South Korea, while addressing Pyongyang's offer to sign a peace treaty.

North Korea is also demanding more food aid to feed its starving population and the lifting of US economic sanctions against Pyongyang. China appeared to endorse this stance by proposing discussions that would improve relations among all four parties.

# Japan takes chance to lead in Thai rescue

**By Gillian Tett in Tokyo and Ted Bardacke in Bangkok**

The Japanese government will host a conference in Tokyo next week to hammer out a support package for Thailand in the wake of its recent currency crisis.

For Thailand, the meeting could offer relief from its recent woes. For Japan, the occasion presents an invaluable opportunity to display its "regional leadership".

The move follows the Thai government's decision on Tuesday to adopt a package of economic reforms aimed at winning International Monetary Fund support.

Mr Thanong Bidaya, Thai finance minister, said he expectedto meet in Tokyo Mr Michel Camdessus, IMF managing director, Japanese officials and international bankers to finalise a $12bn-$15bn emergency credit line.

Mr Thanong said he expected the IMF board in Washington to approve the package on August 21. This would trigger lending from Japan of aid worth up to, or equal to, any support provided by the IMF, Japanese officials said.

A Thai official said IMF aid was likely to total $4bn with an additional $1bn each from the World Bank and Asian Development Bank. Japan's Export-Import Bank, was expected to offer $7bn, the official said. In addition, a consortium of private banks, lead by Japanese groups, are preparing to extend syndicated loans.

The decision to host the conference in Tokyo marks both a coup and challenge for Japan.

Tokyo is keenly aware that the Thai crisis has given it an unprecedented opportunity to demonstrate its "regional responsibilities" towards Thailand.

However although in public Tokyo is increasingly keen to demonstrate a pro-Asian tilt, in practice it remains uneasy about just how to blend its unusual Asian and western affiliations – hence its decision to wait for the US-dominated IMF to act before seizing any kind of leadership role.

As one official says: "There are parallels between Japan and Thailand, and the US and Mexico in the Mexican currency crisis. But Japan is probably not ready to play a role quite like the US did."

This ambivalence partly stems from the legacy of the second world war, which has left Japan sensitive to charges that it is trying to dominate its Asian neighbours. But it also reflects the deeply ingrained Japanese preference for operating group diplomacy, rather than unilateral policies.

However, the Tokyo gathering will potentially give Japan the best of both worlds: it will provide a public display that Japan is prepared to meet its "responsibilities" towards the region, but also allow it to ensure that any package of support will be collective in nature.

Even in the banking area, Japanese banks – with some $37.55bn of loans to the country as of June 1996 – remain reluctant to be seen taking too isolated a position. Banks such as Bank of Tokyo Mitsubishi, Japan's largest, are co-ordinating a package of syndicated loans. And BTM admits that with some 30 years of operating in Thailand it is prepared to offer significant help.

However, banking officials stress they wish to operate in conjunction with other European, US and Asian countries, rather than create a single Japanese syndicate. As one bank official says: "Symbolically it is important that it is not just Japan taking action – we do not want to become responsible for Thailand's problems alone."

# IMF urges new Vietnam reform

**By Jeremy Grant in Hanoi**

Vietnam needs a "new generation" of more rapid and comprehensive reforms if it is to avoid economic slowdown, the International Monetary Fund warned yesterday.

Its comments come amid signs that the economy is contracting and underscore concern among western economists that Hanoi risks inflicting serious damage to its long-term growth prospects if it does not launch fresh reforms soon.

Mr Michael Bell, departing IMF representative, said reforms of the late 1980s – known as *doi moi* – relied partly on generous inflows from oil exports and foreign investors. But Vietnam could not "count on major new sources of external finance to bolster its economic progress... the stimulus for growth in the late 1990s will need to come from comprehensive reform to boost domestic saving and to maintain the confidence of foreign investors".

Foreign investors have soured on Vietnam recently because of red tape, corruption and high overhead costs.

Mr Bell urged progress on financial sector reform, trade liberalisation and reform of the state sector, which is intertwined with vested interests in the ruling Communist party. "It is not appropriate to support failing enterprises by propping up their finances. Instead, means should be found to restructure [them] or organise their orderly closure," he said.

## Canberra's decision to increase tax after court ruling leaves tobacco companies fuming

# Australian cigarette groups suspend deliveries

**By Elizabeth Robinson in Sydney**

Three Australian tobacco companies suspended wholesale cigarette deliveries yesterday as they assessed the implications of a tax increase on tobacco, which one called "draconian".

Wills Holdings, Australia's third-largest tobacco group with a market share of about 28 per cent, also requested that its shares be suspended for 48 hours given the uncertainty in the industry. The Australian stock exchange later moved to reinstate trading, which is expected to resume today.

The suspensions follow a High Court ruling on Tuesday which said that state governments' franchise fees – a levy imposed on tobacco wholesalers – were unconstitutional. The judgment also extends to alcohol and petrol.

Mr Peter Costello, federal treasurer, sought on Wednesday to reassure states that they would not suffer a shortfall in revenue, estimated at A$5bn (US$3.7bn), because of the ruling.

He outlined a "safety net" whereby Canberra would collect the taxes on the states' behalf, but the net requires a 200 per cent increase in the rate of duty levied from tobacco products to A$251.27 per kilogramme.

This replaces the dual system of taxation on tobacco products whereby the states imposed an *ad valorem* tax while the government rate was based on weight.

The tobacco companies argue that the dual system was more equitable and that a tax system based on weight discriminates against heavier, lower-margin products.

Philip Morris, part of the US tobacco giant and the biggest tobacco group in Australia, said it had been forced to suspend deliveries because of the uncertainty over pricing its products. "The government has opted for the simplest solution," it said: "But there's no workable mechanism in place to ensure price stability for the consumer."

Rothmans said it would resume deliveries today but added: "We share the common view that what the government has done in putting up taxes is inequitable. It is very difficult to see how it is going to work."

Under the new system, states are to refund to companies the difference between the new higher tax and the rate they paid before. However, some states might not support this rebate and others have not devised a mechanism for its operation.

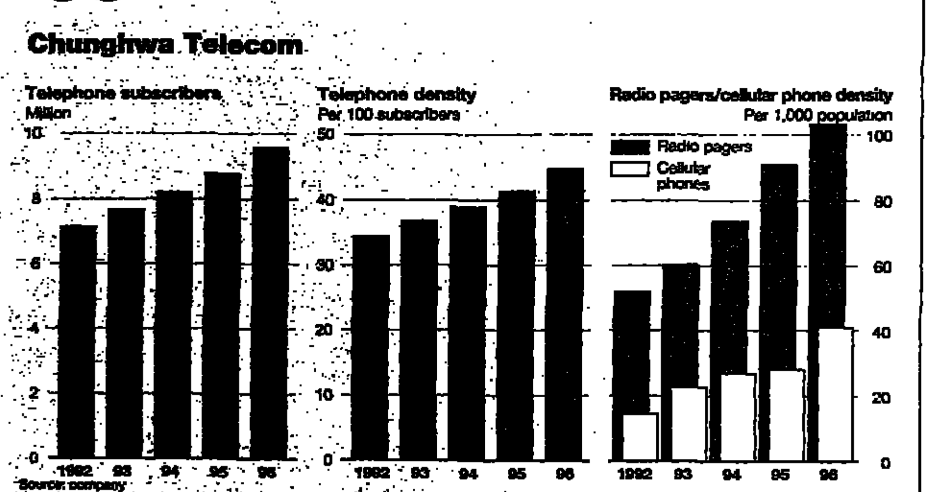
The new tax has left tobacco companies confused. "We just don't know how this system of rebates is going to work. How can they refund a tax they haven't collected?" said Wills, which is 67 per cent owned by BAT of the UK and most vulnerable to the weight-based tax rise. "Even allowing for rebates, South Australia [state] is predicting prices to rise by 20c-A$1.75 per pack."

Wills said the industry was "as one on this. It's rare in tobacco to see such unanimity."

# Taiwan's days as Asian mobile phone laggard are numbered

Given their affluence and technological sophistication, a great deal fewer Taiwanese use mobile phones than many of their Asian neighbours – just four in every 100, compared with three times that number in Singapore and more than 22 in Japan, for instance.

That – and much more in the world of telecommunications – is set to change in the next few years as a result of reforms announced recently, in particular plans to sell off to the private sector and foreign investors up to 75 per cent of Chunghwa Telecom, the state telecoms operator.




The government also intends to lift to 50 per cent the 20 per cent ceiling on combined foreign investment in domestic telecoms ventures.

"We believe this market will rival Hong Kong in terms of cellular penetration," says Mr Mark Joseph, project manager for a cellular phone joint venture between AT&T of the US and Far Eastern, one of Taiwan's leading business groups. With the current lack of capacity addressed, mobile phone ownership is expected to jump to 25 per cent of Taiwan's 21.5m residents in the next few years.

Mr Chen Mien-chang, head of the China Rebar group's telecom business, expects the total turnover of Taiwan's telecoms market to double or triple to US$10bn-US$15bn in the next five years as a result of reforms already under way.

Rebar, one of Taiwan's biggest conglomerates, has captured a leading position in the fast-developing cable television industry and plans to build a fixed-line network offering cable, voice, data and internet services nationwide. The fixed network will be linked to satellite services once those two markets are opened.

Under the preliminary privatisation announced last week by Mr Tsay Jay-yang, minister of transport and communications, up to 20 per cent of Chunghwa's shares would be swapped with leading international telecoms companies.

Another 5-25 per cent would be sold to institutional investors either directly or through global depository receipts (a financial instrument which allows shares in a listed company to be traded on designated international exchanges).

Another 20-30 per cent are to be sold to Taiwan citizens and Chunghwa's 36,000 employees at preferential prices late next year or early in 1999. The company is likely to be listed on the Taiwan stock exchange at the same time.

Before privatisation can proceed, Chunghwa's assets need to be re-evaluated, which will take time, says Mr Steven Chen, chairman. Listed at T$399.7bn (US$14bn), the company's actual assets could top T$1,000bn after extensive land holdings are revalued.

Chunghwa, which was spun off from the transport ministry as a state enterprise only a year ago, made profits of T$45.6bn on operating revenues of T$157.3bn in the year ending June 30 1996, the latest figures available.

Liberalisation of Taiwan's telecoms industry was set in motion in January 1996 with the approval of a package of laws by the national legislature, ending a government monopoly on telecoms services and lifting a ban on foreign investment.

In January eight licences were awarded to private sector ventures to set up regional and nationwide mobile phone systems. The first, the joint venture between AT&T and Far Eastern, is set to start operations at the end of the year.

Negotiations are under way between the private operators and Chunghwa, the only existing operator, over connection fees to be charged for routing calls from the new entrants' wireless network into Chunghwa's fixed-line network and vice versa.

Private operators say Chunghwa is demanding excessively high rates and accuse government regulators of siding with its wholly owned and highly profitable telecoms concern.

Mr Chien Jen-teh, head of the department formulating telecoms policy at the transport ministry, denies playing favourites but points out that Chunghwa is required to invest in basic telecoms infrastructure. "We want Chunghwa to serve as an 'umbrella' to protect private operators, so its burden will be heavier," he says.

In a few years, when private operators are permitted to set up fixed-line networks to compete with Chunghwa, the whole telecoms market will be more balanced, he says. Meanwhile the government wants Chunghwa to give the newcomers a discount "so that they can get strong as soon as possible".

The government is concerned that new entrants do not fail, leaving stranded customers and a black mark on the privatisation process.

Mr Chen of Chunghwa does not agree. "The connection fee should be based on real costs, not marginal costs as the private sector operators want. That's not fair to us. Eighty per cent of our total investment each year goes to the local network, but only brings in 30 per cent of our revenues."

The problem is that local calls are operated at far below cost and are heavily cross-subsidised by long-distance, cellular and, until recently, international calls. Wide use of callback services has forced Chunghwa to cut long-distance rates substantially in the last two years.

Call rates must be rationalised and cross-subsidies eliminated, says Mr Chien.

**Laura Tyson**

# Palestinians resigned to long siege

By Avi Machlis in Jerusalem

Palestinians were yesterday preparing for a prolonged siege as Israel showed no signs of lifting sanctions aimed at forcing Mr Yassir Arafat, Palestinian leader, to crack down on terror groups.

"The Palestinian people will have to endure and be patient with the suffering caused by closure and starvation," said Mr Arafat. He was referring to a series of economic sanctions and security measures imposed by Israel following a suicide bombing last week.

Mr Arafat's comments came after a meeting with leftwing Israeli MPs in Gaza, and were intended to clarify remarks in which he appealed to Palestinians to "prepare for the coming battle".

Mr Benjamin Netanyahu, Israeli prime minister, has pledged to maintain the measures until he is convinced Mr Arafat is fighting terror.

But in an interview published yesterday in the Israeli daily newspaper Yediot Ahronot, Mr Arafat said: "We have said hundreds of times that we reject terror and are fighting it. But in order to successfully fight terror, the atmosphere must be clean, so that the population can see progress in negotiations and in [their] standard of living."

The Palestinian economy has been hit hard by a week of Israeli sanctions, which include a suspension of peace talks.

The West Bank and Gaza Strip remains sealed off, preventing 70,000 Palestinians licensed to work in Israel from reaching their jobs. According to Palestinian officials, the closure costs the already distressed economy about $9m a day.

A transfer of Shk140m ($40m) in tax returns from Israel to the Palestinians scheduled for earlier this week has been suspended. The US has urged Israel not to withhold fund transfers to the Palestinians.

Mr Ghassan Khatib, a leading Palestinian academic, said the measures had weakened Mr Arafat and "provided the most powerful ammunition possible" to extremists opposed to peace-making.

Mr David Bar-Illan, chief spokesman for Mr Netanyahu, said: "We are not imposing sanctions to punish the Palestinians but because the security establishment said it was easier to keep the terrorists out this way."

Meanwhile, statements made on Wednesday by President Bill Clinton, and Mrs Madeleine Albright, US secretary of state, were welcomed by both sides.

# Superpowers circle Caspian

Competition for the resources of the Caspian Sea harks back to the days of the East India Corporation, when the foreign policy of great powers mingled with the interests of their national mega-corporations.

As in the past, though, it is difficult to sort out whether the corporations are driving foreign policy, or the policy has marshalled the commercial interests behind it.

Such is the case in the Caspian, where multi-billion-dollar oil deals have accompanied what many observers see as decisive foreign policy shifts by the US and Russia.

Yesterday, with Mr Sepurmurat Niyazov, Turkmenistan's president, in Moscow, the Russian foreign ministry voiced its displeasure at the giant Russian oil company Lukoil, staying in a deal to develop an Azerbaijani oil field disputed by Turkmenistan. Despite reports they were withdrawing from the deal, Lukoil claimed they were still hanging on. By the end of yesterday, though, Lukoil's participation was on hold.

Lukoil, along with the Russian state-owned oil company Rosneft, had on July 4 signed a deal with Azerbaijan's state oil company, Socar, to develop jointly the Kyapaz oil field, which is located in the maritime boundary which separates Turkmenistan from Azerbaijan. Turkmenistan refers to the field as Serdar.

Russia had no objections to the deal when it was signed, but suddenly swung around to back Turkmenistan's claim in the Caspian, and put pressure on Rosneft, which held 20 per cent of the project, to withdraw from the deal last Thursday. This step has produced a technicality which will put Lukoil's participation on hold, as well. "Until the 20 per cent participation is filled, we cannot proceed with the deal" said Mr Peter Neyev, Lukoil spokesman

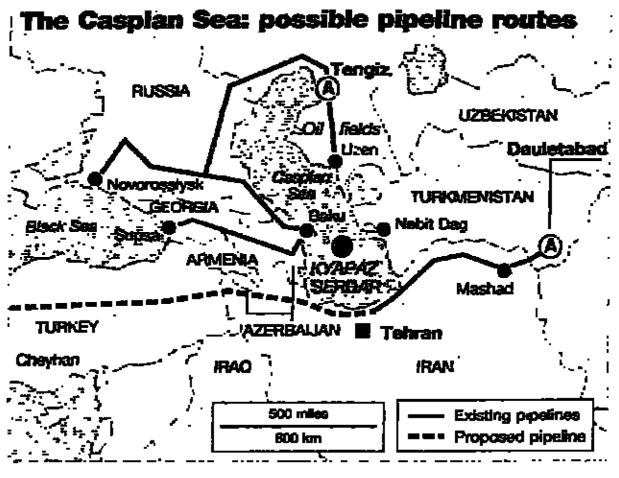
The reason for Russia's rethink of the field's ownership can only be guessed at, but it coincided with abrupt overtures by the US to both Azerbaijan and Turkmenistan in the past few weeks. According to analysts, Russia has chosen to back Turkmenistan's claim to woo it back into the Russian fold.

Two weeks ago, the US in an apparent departure from its policy of isolating Iran, gave Turkmenistan a potential windfall by making it possible for the country eventually to sell gas to the lucrative market of Turkey.

The US declared that it would not oppose the construction of a gas pipeline through Iran, which would link the two countries. Then last week, Mr Haidar Aliyev, the Azerbaijani president, signed $10bn worth of deals with US oil corporations Exxon, Amoco, Chevron and Mobil in Washington.

With the US cosying up to Azerbaijan and Turkmenistan, Russia had to choose, and it chose Turkmenistan. "Turkmenistan is going to build the first pipeline that doesn't go through Russia," said Ms Julia Nanay of the Washington-based Petroleum Finance Company.

The Caspian Sea: possible pipeline routes




Not only would a southern pipeline route deny Russia control over Turkmenistan's gas supplies which currently travel through Russia, but by supplying gas to Turkey, Turkmenistan would be shutting Russia's most powerful corporation, Gazprom, out of a market it covets.

Gazprom supplies 6bn cubic metres of gas to Turkey, but had planned to see that rise five-fold in the next decade, making Turkey Gazprom's second largest foreign customer after Germany.

"Russia is alarmed by the prospect of either Turkmenistan or Iran moving into the Turkish gas market," said Ms Nanay, "Obviously the Russians are not happy with all these deals that the Azeris signed with the US, but in the case of Turkmenistan, there's a pipeline that's actually being built."

The move by US companies into Azerbaijan, meanwhile, is undoubtedly profit-driven, but also accompanies a new strategic focus on the Caspian by the US. Azerbaijan is being sought as a route for an oil pipeline which would carry central Asian oil to the Black Sea via Georgia.

The commercial objective of ensuring access to oil supplies camouflages a more aggressive posture in Russia's former sphere of influence , as the US pursues a quiet policy of detaching Russia's former satellites, one by one. "The political objective of making the CIS independent is largely an economic problem, and involves the creation of infrastructure," said an economist with a development bank in London.

**Charles Clover**

# Nigerian oil funding crisis deepens

By Robert Corzine

A funding crisis which threatens to set off a wave of lay-offs and contract cancellations in Nigeria's strategic oil industry has deepened after the government this week called off a crucial meeting with foreign oil companies.

International oil companies involved in joint ventures with the state-run Nigeria National Petroleum Corporation are awaiting government approval for their 1997 budgets eight months after the expenditure plans should have been finalised.

The companies had hoped this week's meeting would clarify the financial position of the industry, which accounts for most of the country's hard currency earnings.

The companies say they need to spend $3.3bn for the year to maintain production of about 2m barrels a day. But Mr Dan Etete, the controversial oil minister, secured only $2bn from the federal budget for the sector this year.

The problem of NNPC meeting its financial commitments for the joint ventures is a perennial one. But executives of Royal Dutch/Shell, the Anglo-Dutch group that produces half of Nigeria's oil, yesterday said the present situation was "more difficult than usual".

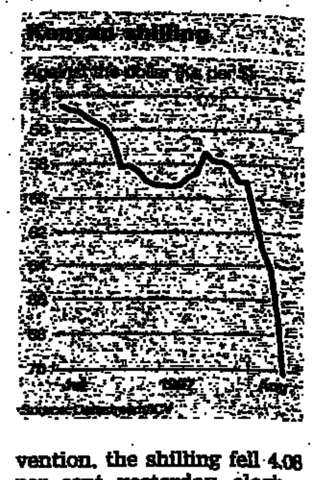
The impact of the funding cuts is beginning to be felt across the sector. Elf Aquitaine, the French oil group, said budgetary restraints would force it to cancel all but one exploration well this year. Shell said its Nigerian subsidiary might have to rein in social spending in the politically sensitive Niger Delta region, where much of Nigeria's oil is produced, unless its budget is restored to the $1.6bn originally envisaged. The government wants to cut it to $1.2bn.

Shell executives said progress had been made, however, with the $4bn Nigeria liquefied natural gas scheme, Africa's single biggest engineering project. Work at the export terminal on Bonny Island off Rivers state was proceeding smoothly in spite of the sacking in June of NLNG's board of directors by Mr Etete.

They were also hopeful that a dispute with Enel, Italy's state electricity generator, which withdrew from a 22-year contract to buy 3.5bn cubic feet annually, about half the Bonny plant's initial output, would soon be resolved.

# Nairobi ready to reopen talks with IMF

By Michela Wrong in Nairobi



The Kenyan government, rattled by an 18 per cent drop in the shilling since the International Monetary Fund's suspension of aid, yesterday signalled its readiness to reopen talks. But IMF officials insisted no loans would be forthcoming until the issue of corruption had been tackled.

Mr Musalia Mudavadi, finance minister, said in a statement that the government was "considering initiating discussions" with the IMF over its assessment of the second year of a three-year loan arrangement.

The statement was clearly designed to reassure financial markets hit by a loss of foreign investor confidence following the IMF's announcement last week.

But an IMF spokesman said that while the Fund was ready to provide policy advice, any formal involvement would depend on Kenya addressing "governance issues" – a reference to IMF concerns about corruption.

While several issues bother the IMF, including the failure to retrieve funds lost in Kenya's biggest financial scandal and management of the energy sector, President Daniel arap Moi's decision to remove Kenya's top customs official has become a sticking point.

Mr Mudavadi's statement left few doubts about the cost the suspension was exacting on the economy.

He revealed that Sh1.4bn ($20m)-worth of the central bank's latest Sh7bn treasury bill offer was not taken up yesterday, a sign of foreign investors' nervousness.

As a result, he said, the government was ready to accept higher interest rates on treasury bills, which economists said was likely to trigger a general rise in rates. The government would also revise its budget to keep expenditure under control, Mr Mudavadi added.

Despite central bank intervention, the shilling fell 4.08 per cent yesterday, closing at a commercial average of 70.26 shillings to the dollar, its lowest level since October 1993. The drop is already having an inflationary effect, with Kenyan retailers marking up imported goods. The price of petrol is also expected to soar.

There was a slight reprieve for the government when air traffic controllers called off a five-day go-slow that delayed hundreds of thousands of tourists and held up flower and vegetable exports.

Analysts predicted the shilling would slide further today if Kenyan workers responded in strength to a national strike call by church leaders, civic groups and opposition parties demanding constitutional reforms ahead of elections.

The strike and planned processions were yesterday declared illegal by Mr Philip Masinde, labour minister, who raised the spectre of fresh violence in the capital by urging the security forces to ensure the day passed normally.

Commentators said conflicting signals from Kenya's fractious opposition could well limit the extent of the planned stoppage. Two key opposition leaders – Mr Michael Wamalwa and Mr Kenneth Matiba – have denounced the strike call, although their party deputies have endorsed it.

# Chile dam row shows IFC's problems with projects

Environmental groups in the US and Chile have accused the International Finance Corporation (IFC), the private-sector lending arm of the World Bank, of disregarding its own environmental and social guidelines during construction of a controversial dam in southern Chile.

Activists allege the IFC censored an independent review of the Pangue hydro-electric project, releasing a version with a third of the original report deleted.

IFC officials say the report was edited to protect the corporation from threat of lawsuits from Endesa, Chile's largest power company, which borrowed $150m from the IFC to build the dam.


Damned site: the controversial Pangue hydro-electric project in Chile

Friends of the Earth, the International Rivers Network and Action Group for the Biobío (GABB) say the row over Pangue shows a more general problem: the IFC, they say, is often unable to get private-sector borrowers to comply with World Bank social and environmental guidelines.

The IFC has only been involved in private-sector infrastructure projects since the early 1990s, but the sector now takes 20-25 per cent of the $3.2bn it lends every year. In the past nine months, at least two private-sector groups have pre-paid their loans to the IFC or cancelled World Bank insurance policies, after publicity over their environmental practices.

Ms Andrea Durbin of Friends of the Earth said Freeport McMoran, a US mining company, cancelled an insurance policy provided by the Multilateral Investment Guarantee Agency, the World Bank's insurance scheme against political risk, allegedly to foil a World Bank investigation into employment conditions and environmental problems at a project in Indonesia.

Another US company, Basic Petroleum, pre-paid an IFC loan for an oil project in Guatemala after non-government organisations turned the spotlight on their operations. "These cases illustrate the difficulties the IFC has experienced in getting private-sector companies to follow World Bank guidelines," Ms Durbin said.

"It is not clear which policies apply to the private-sector lending arm of the bank," she said. "The World Bank says it is trying to harmonise policies, but there are still big gaps."

Freeport McMoran said cancellation of the policy was strictly a business decision: "Our investments had grown beyond the value of the insurance policy, to the point where it covered less than 5 per cent of the $3bn value of our business. We were going to cancel the policy anyway."

Basic Petroleum could not be contacted.

At the IFC, Ms Carol Lee, general counsel, said: "It's a difficult balancing act. We face increased public scrutiny on social and environmental issues, but as a financial institution are obliged to behave under private-sector norms of confidentiality.

"We do our best with the leverage available to us to ensure compliance with our guidelines, but sometimes the leverage is not as great as we would like." In the case of Pangue, Ms Lee noted Endesa had also prepaid the IFC loan, leaving the corporation with only a minority equity stake in the dam, and little influence over the project's course.

The alleged censorship to the independent review of the Chilean dam led Mr Jay Hair, president emeritus of the National Wildlife Federation and author of the report, to write a letter of protest to Mr James Wolfensohn, World Bank president.

"There are numerous deletions that appear to have been made for no other reason than to avoid embarrassing the individuals who made certain decisions regarding the Pangue project or how it was supervised by IFC," Mr Hair wrote. "This created a distorted picture of key events associated with the project."

The 450MW Pangue Dam was finished in 1996 but was controversial from its start. Environmentalists argued that Pangue, the first dam to be built on the Biobío River, would harm the river's ecosystem and intrude on the lives of the local Indians.

To the dismay of environmental activists in the region, the Chilean government in June approved construction of a second hydro-electric dam on the Biobío.

GABB, which lobbied for the independent review of the Pangue Dam, says the second project would not have been feasible without the IFC's backing for the first dam. GABB also said it was not satisfied with the IFC's version of the independent Pangue review.

"The World Bank's environmental and social guidelines look good on paper, but the Pangue review proves they are not being practised," Mr Juan Pablo Orrego, a GABB spokesman in Santiago, said yesterday. "There have been two independent reviews of the Pangue project; one was buried, the other censored."

In his letter to Mr Wolfensohn, Mr Hair says the IFC's re-writing of his report was "misleading, inaccurate and self-serving". Whereas Mr Hair says his investigation found the IFC not to be in compliance with 80 per cent of its environmental and social directives, the report's final version says: "The IFC considers the Pangue Project complied with five out of eight policies and procedures applicable."

"It certainly was not the conclusion reached by our independent review team," Mr Hair says.

**Leslie Crawford**

[redacted]



'AMAZING' US ECONOMIC PERFORMANCE

# Long-term growth forecast at 2.5%

By Nancy Dunne in Washington

The US's "new economy", powered by technological advances, will produce long-term sustainable non-inflationary growth of between 2.5 per cent and 3 per cent annually, the National Association of Manufacturers said yesterday.

"We are witnessing the most amazing economic performance since the 1960s due to the increased competitive and technological vigour of the private sector," said Mr Jerry Jasinowski, association president.

The NAM, in the past a leading critic of the Federal Reserve's "pro-active" interest rate increases, once again warned that the growth "could be diminished" if the central bank raised rates "to any significant degree."

The economy will not overheat, a NAM report said. "Greater worldwide competition is preventing inflation, while technological innovations are leading to higher productivity and better growth."

The greatest threat is high consumer debt. But, according to Mr Jasinowski, "This problem is manageable because personal debt can be serviced as household wealth increases."

The report said workers' incomes increased by a "solid" 1.4 per cent in 1996 and inflation control had been maintained by competition in the labour market. "The structure of compensation has shifted away from hourly wages, in favour of bonuses, stock ownership and pay-for-performances schemes."

A report released earlier this week by the Manufacturers Alliance, a policy research organisation, said employees of US affiliates of foreign companies received higher compensation than average US manufacturing workers because the companies were concentrated in more highly paid industries. However, they were not paid substantially more than workers in similar domestic operations.

Seven countries – the UK, Germany, France, Japan, Switzerland, Canada and the Netherlands – account for 80 per cent of the foreign equity in US manufacturing affiliates.

*French and Canadian corporations have had the fastest investment growth between 1990-96. Ninety-one per cent of the new investments are in acquiring existing businesses rather than starting new ones.*

The report says purchase of many of these "troubled" companies is to gain market share, but the result is often low profitability.

● Stocks of unsold goods on wholesalers' shelves jumped *at the sharpest rate in more* than 15 years during June, the Commerce Department said yesterday, partly because of an increase in inventories of new cars, Reuters reports from Washington.

Total inventories rose 1.9 per cent to a seasonally adjusted \$263.93bn in June, much higher than the revised 0.4 per cent gain posted for May. Previously, the department said May inventories had gained 0.2 per cent.

The June inventories increase was the largest for any month since April 1982, when they rose 2 per cent. Total sales by wholesalers rose only 0.3 per cent in June to a seasonally adjusted \$210.69bn after being revised to show no change in May instead of a 0.2 per cent gain.

*One of the biggest* increases in inventories was new cars, up 5.1 per cent from May to \$28.25bn in June. Stocks of professional and commercial equipment and supplies grew 3.1 per cent to \$22.84bn in May.

# Uphill struggle for UPS strike talks

By Richard Tomkins in New York

Federal mediators were *yesterday hoping to re-start* talks between United Parcel Service's management and the Teamsters union in an effort to end a nationwide strike that has almost halted domestic deliveries by the biggest US parcel company.

The two sides were due to meet in Washington late yesterday at the invitation of the Federal Mediation and Conciliation Service, but neither held out much hope of an immediate breakthrough.

UPS said it might be prepared to look at "a tweak here or there" in the terms of the labour contract on offer to its 185,000 drivers, sorters and loaders. "But as far as the totality of what we are offering is concerned, that will stay the same," the company said.

The International Brother*hood of Teamsters said:* "We are not very optimistic. There is no real sign that the company's attitude has changed, but we will be trying to reach an agreement that provides good jobs for American workers."

The strike began at midnight on Sunday after the union rejected UPS's "last, best and final" proposal for a new-five year labour contract.

Businesses across the US have had to delay deliveries of their goods or seek alternative carriers, often at much greater expense.

The Teamsters union says it wants UPS to offer more full-time jobs to its predominantly part-time workforce. It is also resisting a company proposal to set up a new pension fund to replace the existing pension arrangements, which are union-controlled.

UPS says it is convinced that union members would accept the offer if they were given the opportunity to vote on it. The company said yesterday that it had started distributing packets of information directly to union members' homes so that they could see the offer for themselves.

The Teamsters said UPS's latest contract was nearly identical to the one that was put before the membership in mid-July, which they rejected by a margin of more than nine to five. It was clear that if they voted again, they would reject the contract outright, the union said.

Banzer (second from left) with his wife Yolanda moments after being sworn in. Reuter

# Banzer back at the helm in a buoyant Bolivia

## Sally Bowen examines the challenges facing the country's president, sworn in this week

After 19 years of attempting to regain power via the ballot box, one-time dictator General Hugo Banzer has been formally sworn in as president of Bolivia. He immediately reiterated his commitment to democracy, human rights and free market principles.

General Banzer's inaugural address seemed designed to allay the lingering doubts of the international community and many Bolivians as to the direction of his five-year administration. Pledging to bring employment and "social solidarity" to Bolivia, he portrayed himself as "the man of genuine conciliation".

He will need to be. International support, from the US in particular, could be jeopardised unless the new administration keeps its pledge to eradicate coca, the raw material for cocaine.

Coca remains an important source of revenue but failure to meet eradication targets could lead to US "decertification" and the cutting of vital US and multilateral assistance. That, estimates Mr Jorge Quiroga, the articulate vice-presidential counterbalance to Gen Banzer, will be \$2.2bn over the next five years.

If the eradication targets are met, the loss of revenue could undermine his support in the coca-growing areas.

It is hard to understand why ordinary Bolivians could back a former dictator once notorious for his disdain for human rights, but much of that support stems from Bolivians' weariness at the speed of change over the past four years.

In the face of hostile opposition, important structural reforms are now in place. "Popular participation" and administrative decentralisation have given real decision-making and financial power to provincial municipalities.

Capitalisation, Bolivia's unique form of privatisation, has brought investment commitment totalling \$1.7bn from foreign companies.

It is also providing an annual pension for Bolivia's over-65s. The new pipeline, due to deliver Bolivian gas to Brazil from 1998, could boost GDP by up to 1.5 per cent a year and close the trade deficit.

Added to all this is a much stronger economy than four years ago. Growth, though still inadequate to make real inroads on crushing poverty, has averaged a steady 4.2 per cent a year with inflation in single digits. Net international reserves, at \$1bn, are four times higher than in 1993 and exports have climbed 25 per cent a year.

Whatever lies ahead, Bolivians can celebrate a big achievement: five consecutive democratically elected presidents and 15 uninterrupted years of democracy.

Now Gen Banzer has to hold together the "mega-coalition" supporting him. As first-placed candidate for the presidency in the June 1 general elections – albeit with under 21 per cent of the fragmented popular vote – he was able to secure the backing of 115 out of 157 congressmen.

Three of the first five parties – the MIR, the UCS and Condepa – have signed Gen Banzer's *compromiso por Bolivia* pact and will share in government.

Gen Banzer's ADN party dominates the coalition with half of the 14 ministers already named. His first cabinet, however, is likely to be short-lived while the new and unwieldy political alliance settles down.

Analysts emphasise that the coalition, though impressive for its weight of numbers, lacks any common guiding ideology. Unlike the preceding MNR administration, which published a highly detailed programme of government before taking power in 1993, ADN has given little sign of what its aims are.

Mr Quiroga says this is mainly due to lack of access to official information. He says ADN has not even seen the deals signed by the state with its foreign "strategic partners", which are now managing Bolivia's former state-owned companies. These contracts will be closely scrutinised and re-negotiated if necessary in the interests of Bolivian sovereignty, says ADN.

As for the mega-coalition, Mr Quiroga says ADN has prior experience of co-governing, from 1989 to 1993, with MIR. There are also few points of dissent with the business-oriented, pro-agriculture UCS, he says.

The loyalty of Condepa, a populist party which secured almost 60 per cent of the poor, Indian vote in Bolivia's shanty towns and mining centres, looks more unstable.

Condepa leaders say their support is conditional on ADN fulfilling its pledge to fight poverty.

"But Condepa have the people who know the poverty zones," says the pragmatic Mr Quiroga. "It would be ridiculous not to include them in the government." He argues that the multiplicity of parties and interests in the mega-coalition will oblige ADN permanently to negotiate with its allies, "which is welcome: it's what democracy is about".

# Brazilian population growth starts to slow

By Geoff Dyer in São Paulo

The Brazilian population is growing less quickly, is getting older and is becoming better educated, according to the 1996 census conducted by the Brazilian Institute of Geography and Statistics (IBGE).

IBGE said the population, which was 157m in August 1996, had grown on average by 1.38 per cent a year in the 1991-96 period, compared with a 2 per cent annual rise in the previous five-year period.

The decline in the birth rate was the result of greater use of contraception, female sterlisation and a reduction in infant mortality, according to IBGE.

The median age increased from 21.7 in 1991 to 23.2 years in 1996, while the proportion of Brazilians under the age of 14 was 31.6 per cent, down from 34.7 per cent five years earlier. Brazilians over 65 made up 5.4 per cent of the population, compared with 4.8 per cent in 1991, a trend which will have significant implications for health and social security provision in the coming decades.

IBGE recorded an increase in education levels across all age groups. For children between 15 and 17, 66.8 per cent are now in school, compared with 55.3 per cent five years ago. Some 55.4 per cent of children between 4 and 6 now attend pre-school.

Although 90 per cent of children between seven and 14 now go to school, as they are obliged by law to do, IBGE said that around 2.7m children in this age group were not receiving a formal education.

The population is becoming more urban, with 78.4 per cent living in cities in 1996, against 75.6 per cent in 1991; however, the rate of growth of the big cities dropped.

The city of São Paulo expanded by just 0.4 per cent and the population of Rio de Janeiro was only 0.26 per cent above its 1991 level. The fastest growing cities were the metropolitan areas of Fortaleza in the north-east and Belem near the mouth of the Amazon.

The census also showed the migration of people between regions had almost halved during the 1991-96 period, compared with 1986-91.

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Industrial output in Brazil rose 2.1 per cent in June from May, the government-run Brazilian Institute of Geography and Statistics (IBGE), said yesterday, reports AP-DJ from Rio De Janeiro.

Compared with June 1996, output rose by 9.9 per cent, the highest year-on-year rise since May 1995. For the first half it was up 5.9 per cent compared with the same period last year.

The rise was attributed to a soaring capital goods sector.

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# Utilities face flak from unusual coalition

By Bruce Clark and Leslie Crawford in Washington

An unusual coalition of tree-hugging liberals and tree-felling free-marketeers joined forces yesterday against US utilities and their insistence on the right to pass on to consumers the cost of old, unprofitable investments.

The utilities want to avoid being lumbered with about \$200bn of "stranded costs", a backlog of past investments, especially in nuclear power, that were guided by government policy and might not have been undertaken in free-market conditions.

Their opponents range from libertarian think-tanks, better known for supporting the right to drink, smoke and pollute the atmosphere, to Public Citizen, a lobby group founded by the well-known radical consumer rights advocate Mr Ralph Nader.

This coalition may not be sure what it likes, but it appeared – at a news conference yesterday – to be united in its dislike for what it regards as the entrenched interests of old-established utilities, which traditionally have a cordial relationship with the state governments that regulate them.

"Using a combination of twisted legal reasoning and heavy-handed lobbying, utilities have convinced state legislators that they are entitled to multi-billion dollar bailouts," thundered a press release issued by the new alliance – which christened itself the "Stop the Bailout".

"Electricity consumers may not believe it, but regulation may end up costing them more than they thought," it added.

There were moments during yesterday's announcement when the cracks began to show. For example, Friends of the Earth, the environmental campaigners, insisted that any state subsidies to the power industry should be used to develop renewable sources of energy such as solar or wind power.

A representative of the Heritage Foundation, one of the pillars of Washington's conservative establishment, appeared never to have heard of wind power – and made it clear that his priority was efficiency above all else.

The new coalition will add further confusion to a debate over the deregulation of the electricity market which is bewildering because of the confusingly similar names of lobby groups which take diametrically opposing positions.

Americans for Affordable Electricity, which supports unfettered competition with little forgiveness for stranded costs, should not be confused with Americans for Affordable, Reliable Electricity, who take the opposite view.

Other would-be winners of hearts and minds include the Alliance for Competitive Electricity, the Electricity Customer Choice Group, and the Electric Consumer Alliance, which is not to be confused with the Electric Utility Shareholders Alliance or Consumers for Fair Competition, or with the Coalition for Customer Choice in Electricity.

It is this indigestible alphabet soup of lobby groups, all purporting to represent the public interest at its broadest, that has inspired the marketers of Amstel, the Dutch beer, to launch an advertising campaign which has Washingtonians giggling on the way to work. A stern-looking character called Garrison Boyd rails against the decadent, beer-swilling Dutch in the name of a little-known, but plausible-sounding, lobby group called Americans for Disciplined Behaviour.

NEWS: WORLD TRADE

# US presses for change on tallow exports

By Neil Buckley in Brussels

The US is pressing the European Commission temporarily to exempt US tallow producers from European meat safety rules that could bar $100m of US exports each year, and pose serious problems for Europe's pharmaceuticals and cosmetics industries.

The rules, agreed by the European Commission last week to come into force in January, ban the use of parts of cattle most at risk of carrying "mad cow" disease, or bovine spongiform encephalopathy, for any purpose including the manufacturing of tallow.

Washington has agreed to suspend retaliatory action against the rules, such as a complaint to the World Trade Organisation, to allow time to find a long-term solution when the 20 European commissioners return from their month-long August holiday.

But US agriculture and commerce officials have made a co-ordinated series of telephone calls to the departments of Mr Franz Fischler, Ms Emma Bonino and Mr Martin Bangemann, EU commissioners for agriculture, consumer protection and industry, urging temporary changes to avoid chaos in industry.

Derivatives of tallow, or animal fat, are used in 80 per cent of pharmaceuticals, as well as cosmetics and products from lubricants to car tyres.

Since most tallow is currently made from whole animal carcasses, and industry is already ordering tallow for use next year, there could be supply shortages until slaughterhouses change their practices. That could force the temporary shutdown of some manufacturers.

The US has proposed two possible solutions. One would be provisional EU recognition that the US, and countries such as Canada and New Zealand, are free of mad cow disease, and can therefore be exempted from the rules.

That would allow tallow supplies from those countries to be maintained to EU industries.

Secondly, Brussels could recognise the opinion of the EU's own scientific committee on cosmetology (the science of cosmetics), which ruled that heat-treated tallow derivatives posed no risk of transmitting BSE.

Brussels confirmed yesterday that "contacts are taking place", but some officials warned that the US's proposed solutions were impossible to grant temporarily, and required approval from EU commissioners.

Trade lawyers dispute that view. "There are some elements that are beyond question, and one is that tallow derivatives are safe," said Mr Raymond Calamaro of Hogan & Hartson, a US law firm. "The Commission would not be compromising safety if it allowed tallow derivatives in cosmetics."

Ms Charlene Barshefsky, US trade representative, said on Wednesday the US would not hesitate to take the case to the WTO if the rules were not changed.

# Pressure grows for Japanese ports deal

By Bethan Hutton in Tokyo

US trade officials yesterday increased pressure on Japan to find a swift solution to the dispute over port practices, to avoid sanctions against Japanese ships using US ports.

"The US government is disappointed by the failure to reach a settlement on reform of the prior consultation system," US officials said yesterday, after meeting senior officials from Japan's ministry of transport.

The prior consultation system obliges shippers to obtain advance permission from dock workers' representatives for all scheduling and operational changes, and is the main focus of US complaints.

Japan had made a commitment to "meaningful and prompt reform" of the prior consultation system by July 31 but had not yet fulfilled that commitment, the US officials said.

In February the US Federal Maritime Commission threatened a penalty of $100,000 for each visit to US ports by ships from three leading Japanese companies. Following last-minute negotiations it suspended the threat until September 4, on condition that the Japanese bodies involved, including the Japan Harbour Transportation Association (JHTA), which represents companies employing port workers, came up with reform proposals by the end of July.

Washington yesterday added its support to a package of reforms proposed late last month by foreign and Japanese shipping company associations.

However, the JHTA, which controls the prior consultation system, has refused to accept the proposals. The Japanese transport ministry is holding meetings with the association to try to persuade it to compromise.

# US accepts EU's 'made in Europe' label

By Michael Smith in Brussels

European makers of a range of luxury fabrics including scarves and tablecloths will be allowed to export them to the US bearing "Made in Europe" stickers even when the original material comes from elsewhere, the European Commission said yesterday.

Following a deal with the European Union, the US is to revoke rules introduced last July which require the use of labels indicating where a flat fabric was spun or woven rather than where it was cut, dyed, bleached or printed in Europe.

The European Commission said the decision would affect dozens of designer-label manufacturers, including makers of Italian scarves, German bed sheets and British cotton products who import their raw material from countries including India and China.

Following the introduction of the US rules, European countries were concerned that their exports to the US of dyed and printed fabrics including silk would be hit by quotas. There was also concern that the rules would undermine quality European labels as a selling point among US shoppers.

The EU said yesterday the US had agreed to modify the rules following its complaint to the World Trade Organisation. Washington would make the changes either as part of a global harmonisation process due to be concluded by the World Customs Organisation in July next year or by proposing necessary changes to the US Congress the following month.

The decision only affects so-called flat items and not those which have been tailored such as ties or shirts.

The EU said Washington had agreed to make immediate exemptions to avoid disruption before any legislation comes into force. These would include provision for silk products to bear a European label without having to name the place where the grey cloth from which it was made came from.

The EU said this was the first investigation carried out under a Trade Barriers Regulation scheme designed to open export markets more effectively. The scheme allows for a "clear and short" timetable for each procedural step after a complaint is lodged. The US textiles case was started after a complaint by Federessile, the Italian textiles federation, acting on behalf of several Italian companies.

The Commission said it was optimistic about other cases in the TBR system.

# Making the tourist dollar count

**Marian Edmunds** on new ways of measuring the contribution of an industry

When Canada started pouring more into tourism and getting a lot more out of it, other countries began to sit up and take notice. They are finding that at least one of the reasons for Canadians' success in attracting the tourism dollar is to do with how they count it.

Increased investment and a new government helped, says Mr Doug Fyfe, Canadian Tourism Commission president. But so too did the overhauling of Canada's accounting system for tourism in 1994.

Known as the tourism satellite account (TSA), the system is intended to define tourism and its components. Traditionally, measuring demand for or production of goods and services has been difficult for two reasons. Sometimes tourists buy goods not normally associated with tourism (clothes, groceries, newspapers) and sometimes residents buy tourism goods and services for purposes other than tourism (restaurant meals, hotel rooms, postcards).

The TSA measures tourism-related economic activity and determines what percentage of each industry comprises tourism. For instance, tourism will form a high percentage of the account for hotels but restaurants might have a smaller percentage if they are used predominantly by local residents.

"It provides a basis on which to make 'what if' projections," said Mr Fyfe.

"It has been a substantive and paradigm shift from what was almost a 'virtual industry' to one which can be measured in terms of demand and supply, exports, wages and taxes, much as other industries can," he said.

The World Tourism and Travel Council, the Organisation for Economic Co-operation and Development, the World Tourism Organisation and the UN have worked on developing international TSA standards.

In a booklet *The Basics*, the WTTC explains TSA. The impact of travel and tourism is tallied through the measuring of consumer expenditure, capital investment, government spending, foreign trade and business expenditure much as other industries are measured. Inclusion of economic activity in the TSA is judged by whether that activity would exist without tourism. Business travel is factored into the share of gross domestic product of the other industries which drive that travel.

Traditionally measurement of tourism employment has included only travel services, but TSA counts both public and private sector jobs associated with:

- Government tourism promotion, aviation administration, air traffic control, national park service and immigration services;
- Capital investment in travel and tourism such as the design and construction of airports, parks and roads, hotels, aircraft, travel offices, ships, holiday homes and some shops;
- Goods production and services to travellers and travel companies, from carmakers to accountants and butchers.

The WTTC claims that if governments understand the economic impact of the industry, tourism will be taken into consideration as part of mainstream policy-making on job creation, infrastructure development, taxation and liberalisation. As a result they would be able to make Mr Fyfe's "what if?" projections accurately.

When the Canadians did that, the results were rewarding. In its 1997 federal budget, Canada announced an increase in promotional spending of C$15m (US$10.9m) in each of the next three years, and a C$50m equity injection in its Business Development Bank to form the basis of a $350m infrastructure fund for tourism projects.

The government has increased spending on tourism since 1994 from C$16.5m to $C65m this year. The country's tourism receipts jumped from C$8.6bn in 1993 to C$12bn last year.

The overhaul of tourism followed a report by Judd Buchanan, appointed as special tourism adviser by Mr Jean Chretien, the prime minister, in 1994, which said that the Canadian tourism industry was underfunded and losing market share.

In the past, the private sector was unwilling to invest in a programme in which they had a large stake but little power. Now it has increased its investment from C$40.8m in 1995/96 to C$74.8m in 1997/98.

*WTTC, 20 Grosvenor Place, London SW1X 7TT, UK (Tel 44 171 2221955)*

> 'It has been a substantive and paradigm shift from what was almost a "virtual industry" to one which can be measured in terms of demand and supply, exports, wages and taxes, as other industries can'

**Tourism builds more than holidays**


| World estimates | 1996 | 2006 |
|---|---|---|
| Jobs (m) | 255 | 385 |
| Jobs (% of total) | 10.7 | 11.1 |
| GDP (% of total) | 10.7 | 11.5 |
| Investment ($) | 766bn | 1,600bn |
| Total taxes ($) | 653bn | 1,300bn |

Source: The World Travel and Tourism Council

## BUSINESSES FOR SALE

# REPEAT CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF "TOURISTIKI GEORGIKI EXAGOGIKI SA – PORTO CARRAS" OF THESSALONIKI, GREECE

ETHNIKI KEPHALEOU SA, Administration of Assets and Liabilities, of 9a Chryssospiliotissis St., Athens, Greece, in its capacity as Liquidator of "TOURISTIKI-GEORGIKI-EXAGOGIKI SA – PORTO CARRAS", a company with its registered office in Thessaloniki, Greece, (the "Company"), presently under special liquidation, as an on-going concern according to the provisions of Article 46a of Law 1892/1990, by virtue of Decision No 915/1997 of the Thessaloniki Court of Appeal

**announces a repeat call for tenders**

for the sale of the assets, **as a single entity**, of the company described below.

**Brief Information**

The Company was established in 1963. On March 17th 1997 the Company was placed under special liquidation as an on-going concern, in accordance with article 46a of Law 1892/90, as supplemented by art. 14 of L.2000/91 and modified subsequently. The objectives of the Company include tourist and hotel operations and in particular the establishment and running of tourist and hotel units, of tourist resorts as well as of ships employed for tourist purposes. Furthermore, the Company's objectives include the establishment and operation of farms, of agroindustries, of all types of agricultural and livestock businesses, the exportation of Greek products, the operation of export businesses in general, as well as any other type of activity related to the above.

**Assets Offered for Sale**

The assets for sale include the following briefly described (under A and B below) tourist and industrial installations situated in Porto Carras, Neo Marmara, Chalkidiki, at a distance of about 125km from Thessaloniki, by the sea and over a total area of 17,709,815 sq.m approximately.

A. Tourist installations

1. SITHONIA BEACH. An A-class hotel with 836 beds in 433 rooms and 20 suites. The hotel also includes 3 restaurants, 3 bars and 2 rented shops. The hotel is under lease to Casino Porto Carras SA, from 1994 to 2006, which runs a casino, established within the hotel building.
2. MELITON. A luxury hotel with 827 beds in 428 rooms and 18 suites. The hotel also includes 4 restaurants, 3 bars and 10 rented shops.
3. VILLAGE INN. A B-class hotel with 178 beds in 75 studios, 7 suites and 7 bungalows. The hotel also includes 1 restaurant, 2 tavernas, 3 bars and 28 rented shops. The hotel has been placed on a time-share basis and many time sharing contracts have been concluded from 1991 to 2040. Both MELITON and VILLAGE INN are under the management of GRECOTEL SA and will remain so until the assets are sold, at which time the management lease expires.
   In the case of the Meliton Hotel only, should the management lease to Grecotel SA expire at a time the Manager (Grecotel SA) has signed contracts with tour operators, extending into the following tourist season, the management lease shall bind the new owner for that period.
4. MARINA. 5 metres deep for craft up to 45 metres in length with 166 berths, outlets for fresh water and electricity and buildings that are being used as a yacht club.
5. 18 hole GOLF COURSE over an area of 640 stremmas, 9 TENNIS COURTS and a HORSE RIDING CLUB.
6. GALANI luxury guesthouse over an area of 2,400 sq.m including a guardhouse (252 sq.m) and a chapel.
7. Other auxiliary areas.
8. The right to utilize the MARINA installations, described above, according to a special permit granted by public authorities (art.6 par 4 of L.69/1968)

B. Industrial complex which includes buildings and machinery.

1. Complete winery in covered area of about 5,200 sq.m.
2. Oil press – refinery in covered area of about 2,350 sq.m.
3. Bakery, about 1,320 sq.m.
4. Other auxiliary installations such as biological sewage treatment plant, workshop, garage, Public Power Corporation sub-station and pump room.
   According to contracts Nos 4013/1990, 4531/1991 and 4580/1991 (Notary Public Chr. Stiros), the total area of Porto Carras SA (1,709,815.59 sq.m approx) has been divided into a number of vertical properties (A1, A2, B, C, D, E, Fa, Fb, Fc, Fd, Fe, Ff, Fg, Fh, Fi, Fj, as analytically described in the above contracts), each corresponding to its respective percentage ownership. Furthermore, according to contract No 6728/1994 (Notary Public as above), the Company sold an independent plot, located in the south-eastern end of Property Fi, amounting to approximately 170,000 sq.m of the total to the Irish company "Portlawn Ltd", which thus acquired the right of its exclusive use.
   The Company maintained the right of exclusive use over the remaining portion of the Fi Plot, while also maintaining the right of co-use over the section of 170,000 sq.m, subject to the objections being raised by Portlawn Ltd. The latter has undertaken on the basis of contract
   No 6728, the obligation to construct a building, the surface of which should not be under 30 sq.m, divided into two horizontal properties, one of which belongs to the Company.

C. Other Assets

Also for sale are the Company's winery trademarks, ready and semi-finished winery products, means of transport, receivables and any other items belonging to the Company.
It is pointed out that cash and cash equivalents are not included in the assets to be transferred, but will be used to cover the expenses concerning the liquidation.

**Offering Memorandum – Further Information**

Interested parties may obtain the Offering Memorandum in respect of the Company and its assets upon signing a Confidentiality Agreement.

**Terms and Conditions of the Auction**

1. The Auction shall take place in accordance with the provisions of article 46a of Law 1892/1990 (as supplemented by article 14 of Law 2000/91 and subsequently amended), the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespectively of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
2. Binding Offers. Interested parties are hereby invited to submit binding offers, not later than Monday, September 29th, 1997, 12.00 hours to the Thessaloniki Notary Public Mrs Ioanna Chroussala-Bilissi, No 11 Tsimiski St., Thessaloniki 54624, tel: +30-31-270653, 272622, 287385, fax: +30-31-225772.
   Offers should expressly state the offered price and the detailed terms of payment (in cash or instalments, mentioning the number of instalments, the dates thereof and the proposed annual interest rate, if any). In the event of not specifying: a) the way of payment,
   b) whether the credited amount shall bear interest and c) the interest rate, then it shall respectively be deemed that: a) the offered price is payable upon execution of the sale contract, b) the amount credited shall bear no interest and c) the interest rate shall be the legal rate in force from time to time. In case the credited amount bears interest, this shall be calculated in relation to the outstanding amount and it shall be payable on the dates of payment of each instalment, unless otherwise stated by the bidder. Binding offers submitted later than the above date shall neither be accepted nor considered. The offers shall be binding until the adjudication. Submission of offers in favour of a third party to be nominated at a later stage shall be accepted under the condition that express mention is made in this respect upon submission and that the offeror shall give a personal guarantee in favour of such third party for the compliance of the obligations deriving from the sale contract.
3. Letters of Guarantee. Binding offers must be accompanied by a Letter of Guarantee issued in accordance with the sample Letter of Guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to remain valid until the adjudication. The amount of the Letter of Guarantee must be DRS FIVE HUNDRED MILLION (500,000,000). Letters of Guarantee shall be returned after the adjudication.
4. Given that the Company is being auctioned as an on-going concern, it is clear that the quantity and value of stocks, finished products, raw materials and other current assets (hereafter "Current Assets") vary daily. Hence, these will be transferred as they are on the day of the signing of the sale contract.
   Interested parties may be informed of the actual level of Current Assets until the submission of their offer. The Liquidator and the Creditors reserve the right to ask potential buyers for a special arrangement, pertaining to a possible increase in Current Assets following the submission of their offer and prior to the signing of the contract. Potential buyers reserve a similar right with regard to a possible reduction in Current Assets.
5. Submissions. Binding offers together with the Letters of Guarantee shall be submitted in sealed opaque envelopes.
6. Envelopes containing the binding offers shall be unsealed by the above mentioned Notary Public in her office, on Monday, September 29th 1997, 13.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
7. As highest bidder shall be considered the participant, whose offer will be judged by creditors representing over 51% of the claims against the Company (the "Creditors"), upon recommendation by the Liquidator, to be in the best interests of all of the creditors of the Company. For the purposes of evaluation, an offer to be paid in instalments shall be assessed on the basis of its present value to be calculated by employing a 10% annual discount interest rate.
8. The Liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. In the event of the highest bidder not complying with such obligation, the Letter of Guarantee shall be forfeited as a penalty. Adjudication shall be deemed to take effect upon execution of the contract of sale, of the deed of payment, of the offer price or in the case of credit, of payment of the deposit and the implementation of warranties, regarding the payment of the amount due.
9. All costs and expenses of any nature, including any tax (such as VAT), duties, custom duties, any charges in favour of the state or third parties, which may need to be paid (other than those exempted by law) in respect of the participation in the Auction and the transfer of the assets offered hereby for sale, the sale contract, as well as any other act prior or subsequent to the transfer of assets shall be exclusively borne by the purchaser.
10. The Liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to any possible omissions in the Offering Memorandum, the evaluation of the offers or the appointment of the highest bidder or any decision to repeat or cancel the Auction or any decision whatsoever in connection with the proceedings of the Auction. The Liquidator or the Creditors shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for the adjudication nor the participants shall acquire any right, power or claim from this Call and or their participation in the Auction against the Liquidator and/or the Creditors for any reason whatsoever.
11. This call has been drafted in Greek and translated into English. In any event, the Greek version shall prevail.

In order to obtain a copy of the Offering Memorandum and any further information please contact the Liquidator: "Ethniki Kephaleou SA, Administration of Assets and Liabilities", 9a, Chryssospiliotissis St., Athens 10560, Greece, tel: +30-1-323.14.84-7, fax: +30-1-321.79.05 (attention of Mrs Marika Frangakis), or the Liquidator's agent, Mr George Dimtsas, Frangini St.9, Thessaloniki, tel: +30-31-268.626, fax: +30-31-237110.

# Top Flight Leisure Ltd

Offers are invited from potential purchasers of the following parts of the above company:

- four profitable bingo clubs located in central Scotland
- Digital Link System between independent bingo clubs throughout UK
- various properties throughout Scotland – former bingo clubs and office accommodation suitable for development
- villa in Orlando, Florida

**An information memorandum is available for interested parties and can be obtained by contacting either Alasdair Millar or Andrew Godfrey at Grant Thornton Corporate Finance, 114 West George Street, Glasgow G2 1QF. Tel: 0141 332 7484 Fax: 0141 333 0581.**

Grant Thornton

The UK member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

# FOR SALE

Freehold roofing supplies business est 30 years. Due to directors retiring. South London, Surrey borders modern secure premises. One warehouse of 299 sq mtrs. 4.26 mtrs to eaves. Second warehouse with adjoining offices and trade counter 137 sq mtrs. Large enclosed concrete yard area of 929 sq mtrs with wide access and frontage of 13.5 mtrs. Sale to include whole of freehold premises, plant, and stock at valuation.

Enquiries ref No 20122, 5 Mill Lane, Highcliffe-On-Sea, Christchurch, Dorset BH23 5LA

# FOR SALE

***Profitable chain of coffee shops/sandwich bars based in North West. Ten top sites, prime locations, suit new or existing operator. Sales £3m principal only.***

Reply to Box B5375, Financial Times, One Southwark Bridge, London SE1 9HL

## LEGAL NOTICES

*TJE/111J63-6/KAE*

**SCOTTISH HIGHLAND HOTELS PLC**

A Petition having been presented to the Court of Session on 18 July 1997 by Scottish Highland Hotels plc, a company incorporated under the Companies Acts and having its registered office at 70 West Regent Street, Glasgow for confirmation of cancellation of share premium account, the Court pronounced the undernoted interlocutor on Thursday 24 July 1997.

*Edinburgh 24 July 1997*

The Lord Ordinary, in terms of Rule of Court 10.4(3), appoints the Petition to be intimated on the walls in common form and to be advertised once in the Edinburgh Gazette and once in each of the The Financial Times and The Herald newspaper; appoints all parties claiming interest to lodge Answers, if so advised, within 21 days after such intimation and advertisement.

Lord Johnston

all of which intimation is hereby given

Maclay Murray & Spens
Solicitor for the Petitioners
3 Glenfinlas Street
Edinburgh
EH3 6AQ

**INSURANCE COMPANIES ACT 1982**
**THE YORKSHIRE INSURANCE COMPANY LIMITED**
**TRANSFER OF GENERAL BUSINESS**

NOTICE IS HEREBY GIVEN that The Yorkshire Insurance Company Limited applied to the Secretary of State for Trade and Industry on 5th August 1997 for his approval, pursuant to Part II of Schedule 2C to the Insurance Companies Act 1982, to transfer to Trygg-Hansa Forsäkringsaktiebolag all of its rights and obligations under policies written by it for the customers of the Danish Bank, De Samarbejdende Pengeinstituter, under the brand name Privatsikring prior to 1st May 1997.

Copies of the statement of particulars of the proposed transfer are available for inspection at Beckett House, 87 Cheapside, London EC2V 6AY and The Yorkshire Insurance Company Limited, Rygaards Alle 1, DK2900 Hellerup, Copenhagen, Denmark, Monday to Friday from 9.00 am to 5.00 pm, until 8th September 1997.

Written representations concerning the transfer may be sent to the Secretary of State for Trade and Industry, Department of Trade and Industry, Insurance Directorate, 1 Victoria Street, London SW1H 0ET before 8th October 1997. The Secretary of State will not determine the application until after considering any representations made to him before that date.

## CONTRACTS & TENDERS

# INVEST IN JORDAN

**INVITATION FOR EXPRESSIONS OF INTEREST IN ACQUIRING 51% OF THE SHARES OF IRBID DISTRICT ELECTRICITY COMPANY (IDECO), JORDAN**

The Government of Jordan ("GOJ") has commenced a privatization program to introduce private sector participation in all sectors, especially infrastructure. As a part of this program, GOJ has begun the reform of its electric power industry with the objective of creating a suitable environment for the sustainable development of the electric power, strengthening financial viability of the sector and improving the efficiency and quality of electricity services in the country. A high priority is being given to the attraction of private sector investment and expertise in power generation and distribution.

Jordan Investment Corporation ("JIC") invites expressions of interest from local and overseas investors for the acqusition of 51% of the shares of IDECO, equivalent to 1,542,540 shares. In the event that the interested party is a foreign investor, it is required that the investment be made by a consortium in which there is a minimum participation of 10% of the total shares of IDECO by a Jordanian investor in this consortium. Candidates may be electricity distribution companies, electricity operators with financial investors, financial investors who can procure electricity industry expertise, or other suitable parties.

IDECO holds a concession to distribute electricity in Irbid, Ajloun, Jerash and Mafraq governorates,which includes the provision to enter the field of generation. New industrial projects are focusing on the northern region of Jordan. Average annual industrial consumption in IDECO's coverage area has doubled from 1992 to 1996. In 1995 and 1996, electricity supplied was 576 million kWh and 642 million kWh respectively, an increase of 11.5%. Sales in 1995 and 1996 was $26.8 million and $32 million respectively, and net profits before tax in 1995 and 1996 was $ 762,841 and $ 876,448 respectively.

Interested parties should express interest by submitting:

1. A one page summary of experience in the electricity industry, or a plan to procure electricity industry expertise; and
2. Most recent annual report or financial statement or other evidence of financial eligibility, to:

**Mr. Basem Al-Azhari**
**Transaction Manager**
**Assistant Managing Director, Finance**
**National Electric Power Company (NEPCO)**
**P.O. Box (2310) 11181**
**Amman, Jordan**

**Telephone:** 858615 (from overseas: 962-6-858615)
**Cellular telephone:** 079-28568 (from overseas: 962-79-28568)
**Fax:** 818336 (from overseas: 962-6-818336)

by 2:00 p.m. on Monday, September 15, 1997. Eligible parties will be given further information by Wednesday, October 1, to enable them to submit a bid for 51% of the shares of IDECO.

# PORT OF TALLINN ANNOUNCES TENDER

Port of Tallinn announces tender with preliminary negotiations for setting up a building title in Muuga port for the period of 50 years in order to construct a cargo terminal. The encumbered area is 53 354m² and prime annual payment for the building title is 172 100 EEK.

Port of Tallinn will hand over conditions of the tender at the address of Tallinn, 25 Sadama Street, room 408, Estonia, on working days from 10 a.m. to 4 p.m. (local time) at the presentation of the copy of order of payment for the participation fee. The participation fee in the amount of 3000 EEK is to be paid to the account No 2210011138983 of AS Tallinna Sadam in Hansapank, code 767. For additional information please contact Port of Tallinn, tel. 372 6 318 013, fax. 372 6 318 005.

The bids are to be presented in a sealed envelope in Estonian or English no later than 8th September, 1997 at 2:00 p.m. (local time) to AS Tallinna Sadam at the address of Tallinn, 25 Sadama Street, room 408, Estonia. The tender will be carried out according to the applicable Estonian law.

**MASTERPHOTO LIMITED**
(In Administrative Receivership)

Stephen Cork and Peter Lawrence, Joint Administrative Receivers, offer for sale the business and assets of the above company.

• Photographic mini-labs • Turnover circa £900,000 • 8 retail outlets in Herts/Beds

Enquiries to Moore Stephens Booth White, 3/5 Rickmansworth Road, Watford, Herts WD1 7HG Tel. 01923 236622 Fax. 01923 243660

## PUBLIC NOTICES

# OFWAT

## *Water Industry Act 1991 Section 8 (3)*

## *Proposal by the Director General of Water Services to vary the Appointments of Anglian Water Services Ltd and Severn Trent Water Ltd as sewerage undertakers*

## *Site of former RAF Finningley, near Doncaster*

### *The proposal*

### *The Director General proposes:*

i) To vary Anglian Water Services Ltd's (Anglian) Appointment as a sewerage undertaker, so that it applies to part of the sewerage area of Severn Trent Water Ltd (Severn Trent) previously known as RAF Finningley, near Doncaster. Parts of the former RAF Station (Finningley) are now occupied by the Ministry of Defence, Annington Homes Ltd and Cygnet Homes Ltd;

ii) To vary Severn Trent's Appointment as a sewerage undertaker, by excluding Finningley from it.

At present, Finningley receives no sewerage services from Severn Trent, because it has its own sewerage and sewage treatment facilities. If appointed, Anglian intends to continue to operate those facilities separately, that is without any connection to Severn Trent's system.

The Director considers that this proposal will facilitate competition in the supply of sewerage services. He has told Anglian that its sewerage charges should not exceed those that would be charged by Severn Trent.

### *The representation of customers' interests*

The Director has appointed ten Customer Service Committees (CSCs). These Committees have responsibilities for the representation of the interests of customers of those water and sewerage companies which are allocated to each of them. Anglian's customers are served by Eastern CSC, which is based in Cambridge. Severn Trent's customers are served by the Central CSC, based in Birmingham. Yorkshire Water Services Ltd, which provides water services to customers at Finningley, is allocated to the Yorkshire CSC, based in Leeds.

If, following consideration of the responses to this notice, the Director decides to carry out this proposal, he intends that the interests of Anglian's sewerage service customers at Finningley should be represented by Yorkshire CSC, so that their interests as both water and sewerage customers are represented by the same, locally-based CSC.

Any representation about, or objection to the proposal, or about the representation of customers, should be sent in writing to Dr Tony Ballance, Chief Economist, Office of Water Services, Centre City Tower, 7 Hill Street, Birmingham B5 4UA (Fax: 0121 625 1379) so as to be received not later than 5.00pm on Friday 12 September 1997.

Pressure on sterling eases after fourth increase in cost of borrowing

# Central bank raises rates to 7%

By Robert Chote, Economics Editor

The Bank of England successfully talked down the pound yesterday, raising UK interest rates for the fourth month running but indicating that they are now probably high enough to hit the inflation target set by Mr Gordon Brown, chancellor of the exchequer.

The monetary policy committee of the Bank, the UK central bank, voted to increase base interest rates by a quarter of a percentage point to 7 per cent. Borrowing costs have not been higher since late 1992, when rates were being cut sharply following sterling's departure from the European exchange rate mechanism.

"In the light of the prospect for domestic demand and on the basis of all the evidence currently available, the committee judges that [the] rise is necessary to put the economy on track for achieving the inflation target of 2.5 per cent, looking two years ahead," the Bank said following the move.

But in a clear signal to the currency markets, the monetary committee added that "upward pressure on the exchange rate should be reduced by the perception that interest rates have reached a level consistent with the inflation target".

This pushed sterling to 102.8 per cent of its 1990 value against a trade-weighted basket of currencies, down 1.1 points on the day and its lowest close since Budget day on July 2. Against the German D-mark it fell by 3 pfennigs to DM2.971.

Sterling's fall reflected a sharp decline in the expected level of interest rates on the financial futures market. The rate predicted for December fell from 7.45 per cent to 7.31 per cent.

In spite of the lower base rate forecasts, business groups criticised the rise. "This is the last thing Britain's exporters and their suppliers need at this time," said Mr Ian Peters, deputy director-general at the British Chambers of Commerce.

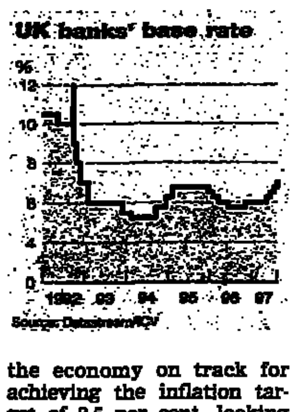
The Confederation of British Industry argued that weak exports will slow the economy substantially during 1998. Its latest survey of retailers showed annual growth in spending volumes slowing slightly.

The Bank's statement implied that its quarterly Inflation Report, published next week, will show inflation set to hit the government's target in two years.

But the Bank's characteristically tortuous wording deliberately left open the possibility that base rates might have to rise again in coming months if inflationary pressures look more of a threat then than at present.

City of London economists were divided on the prospect for rates in coming months. Deutsche Morgan Grenfell said: "The Bank may well keep interest rates on hold for a few months, but the strength of domestic demand and eventually softer sterling means another rate rise this year and a peak of 8 per cent next year."

Lex, Page 18




Construction orders in the second quarter of this year were the highest for 18 months, government figures showed yesterday. Mr Nick Raynsford, construction minister, said the figures reflected the continuing improvement in demand for a wide range of building and civil engineering works, Andrew Taylor writes.

Orders were 5 per cent higher in real terms than in the first quarter of this year and 8 per cent higher than in the same period last year.

The National Council of Building Material Producers last month predicted that the rise in industry output would rise by 3 per cent this year, increase by a further 4 per cent in 1998 and rise by a further 2.5 per cent in 1999 – well ahead of forecast growth in the UK economy as a whole.

# Four cleared of bid to rig soccer matches

By John Mason, Law Courts Correspondent

Footballers Mr John Fashanu and Mr Hans Segers and a Malaysian businessman were yesterday cleared by a jury in the southern England city of Winchester of attempting to rig the results of top-level English soccer games.

After a high-profile trial lasting two months, Mr Fashanu, the former Wimbledon and Aston Villa player, Mr Segers, a former Wimbledon goalkeeper, and Mr Heng Suan Lim walked free from court, unanimously acquitted of conspiring to give or receive bribes to influence the outcome of Premier League matches.

Mr Bruce Grobbelaar, the former Liverpool and Southampton goalkeeper, was also acquitted of the conspiracy charge. However, the jury has yet to reach a verdict on a further charge against Mr Grobbelaar alleging he corruptly accepted £2,000 to influence the outcome of a match. The jury was sent home yesterday and will resume its deliberations today.

After the verdicts, the Football Association issued a short statement announcing it had set up an inquiry into the rules for betting and forecasting within the game. The inquiry is to be headed by Sir John Smith, a former deputy commissioner of London's Metropolitan police, and is expected to report within three months.

It was the second time the four men have been tried for the alleged offences. At their first trial earlier this year, the jury was unable to reach verdicts. The prosecution had alleged that the four men had plotted to fix games for a Far Eastern betting syndicate.

Arriving at Winchester court yesterday (clockwise from left): Netherlands footballer Hans Segers and his wife Astrid; former goalkeeper Bruce Grobbelaar from Zimbabwe; British soccer player John Fashanu and Malaysian businessman Heng Suan Lim

# Closure of site will end 2,500 years of tin mining

By Kenneth Gooding in Redruth, Cornwall

Tin mining is to end in Britain after more than 2,500 years. South Crofty, the last mine in the far south-west county of Cornwall, is to stop production.

The owners blamed the strong pound and the weak dollar tin price for South Crofty's decline into unsustainable losses of more than £1m ($1.63m) a year. Closure will cost 266 jobs in an area where one in four males is unemployed.

Mr Gerry Wright, secretary and co-founder of Crew Development, the Canadian natural resources group which controls South Crofty, admitted that it would be "a devastating blow" to the local towns of Redruth and Camborne which have benefited from about £3m a year pumped into the local economy by the mine in the form of wages and payments for other services.

More than 1,500 individual investors who answered an emotional appeal three years ago to provide a total of more than £1m to preserve South Crofty and the last vestiges of tin mining in Cornwall have lost most of their cash.

Mr Wright and Mr John Darch, president of Crew, personally put £3m into South Crofty, and their Toronto-listed company will have to write off up to C$18.3m.

Mr Wright said South Crofty was scheduled to produce 2,200 tonnes of tin this year but was losing more than £600 for every tonne it produced because of a 27 per cent drop in the sterling price of the metal in the past 15 months. There was no sign that prices would recover.

It will take about six months for the mine to be made safe and finally closed. Demand for tin has been weak since the 1970s although the Cornish mine has been under pressure since the discovery of low cost deposits in countries such as Indonesia and Thailand.

Tin plate has lost out to aluminium and other materials in the packaging business and there is relatively little growth in its other main market, solders. Consumption of refined tin in the western world peaked at 214,000 tonnes in 1973. Last year it was 174,600 tonnes, 18 per cent below that level.

At the peak of production in the 1870s, Cornish tin mines employed 30,000. Cornwall's St Just Mining District was then the tin mining centre of the world and tin was the backbone of Cornwall's economy.

# Blair to present nation's 'annual report'

By John Kampfner, Chief Political Correspondent

Mr Tony Blair, the prime minister, is to deliver an annual assessment of government performance with official statistics to back up a speech and detailed report, all paid for by taxpayers.

The plan will be announced today by Mr Peter Mandelson, minister without portfolio, and Mr John Prescott, deputy prime minister, as the government celebrates its first 100 days in office after bringing to an end 18 years of Conservative government in the election of May 1.

The first exercise, which is expected to take place next May – to mark the first anniversary of the Labour landslide – would, officials say, resemble a chief executive's report to "the shareholders of Britain plc".

The report would measure the record of departments over the previous 12 months against set targets and manifesto pledges. It would not, however, rate the performances of individual cabinet members.

Labour said the idea was part of its promise of more open government. The Conservatives denounced it as a waste of money. "It is yet another public relations device for the Labour government to promote itself at taxpayers' expense," said Mr Francis Maude, the Conservative shadow culture minister.

Aides to the prime minister said the aim of the report was to ensure that the government remained focused on the "big picture, the long term and central goals". A condensed version of the full report would be made available to voters, similar to material handed out before the general election.

Ministers had originally scoffed at the idea of a set-piece event to herald Mr Blair's first 100 days.

However, more than a week of negative publicity – from the loss of a by-election in London; the suicide of one of the party's MPs; embarrassment over the shareholdings of Lord Simon, competitiveness minister; and private life problems for Mr Robin Cook, foreign secretary – convinced them of the need to re-take the offensive.

## UK NEWS DIGEST

# Pension ratio 'among lowest'

The pension of the average British employee is one of the lowest in Europe relative to salary earnings, a report by Sedgwick Noble Lowndes, a leading employee benefits consultancy, said yesterday. British employees on national average earnings retire on an average net pension of less than 80 per cent of net earnings, the second lowest ratio in Europe, it added.

In the European Union, only Finns earning average wages retire on a lower percentage. The government recently said it would review the entire structure of pensions provision over the next 12 months. After deductions for income tax and benefit contributions, the average British employee – defined as a married individual earning the annual national average of £18,200 ($29,650) – retires on a net pension of 77 per cent of net earnings.

Average earners in Greece do best of all, retiring on 103 per cent of earnings and "making them better off in retirement than in work", according to Sedgwick. Close behind are the Germans and Italians, whose pensions, according to Sedgwick, replace 94 per cent and 95 per cent of earnings respectively.

However Sedgwick also found that higher earners in the UK do better than in a number of European countries. In the UK someone earning £72,800, or four times the national average, will receive 80 per cent of it in retirement. In France, high earners receive a pension equivalent to 72 per cent of earnings, in Germany 84 per cent and in Austria 59 per cent. *William Lewis, London*

## ■ LONDON UNDERGROUND RAILWAY

### Docklands extension 'on target'

The 16km extension to the Jubilee line on the London Underground railway remains on target to open in September next year, engineers insisted yesterday. They said the target remained even though contractors are being forced to pay big overtime bonuses to keep the project on track.

The extension will pass to the south of the City and through the Canary Wharf development in the Docklands district to the east.

Managers appointed by London Underground to oversee the project were responding to reports that contractors are paying some workers up to £1,000 ($1,630) a week, including bonuses, to overcome delays.

Previous delays have meant the original opening date of March 1998 has already been put back six months while the cost of building the extension from Green Park in central London to Stratford in east London has increased by £700m. *Andrew Taylor, London*

## ■ UNIVERSITY EDUCATION

### Thousands may try to avoid fees

Up to 90,000 extra students are set to apply for higher education courses in an attempt to avoid paying the tuition fees which the government intends to introduce in just over a year. The Universities and Colleges Admissions Service (Ucas) yesterday warned that thousands of students might forego the traditional "year out" between school and university to avoid the introduction of tuition fees in 1998.

Mr Tony Higgins, Ucas chief executive, said late applications were already 38 per cent up on last year. "There is already considerable pressure on places," he said. "The big question is how many of the 90,000 who normally take a year out will come on to the market this year."

Ucas said that in total there had been 433,000 applicants for 310,000 places. *Liam Halligan, London*

## ■ NORTHERN IRELAND

### Threat to talks involving IRA wing

The Rev Ian Paisley, leader of the hardline Protestant Democratic Unionist party in Northern Ireland, said yesterday that he would refuse to take part in talks about the future of the region if Sinn Féin were allowed to join the talks as planned next month. Sinn Féin is the political wing of the Irish Republican Army, which has just declared a second ceasefire.

Mr Paisley said after meeting Ms Mo Mowlam, chief Northern Ireland minister in the British government, that the present talks process was "dead in the water" because "it cannot produce anything acceptable to the majority of people in Northern Ireland". He added: "We will not negotiate the union [with Great Britain], because the union cannot be negotiated by this party or by the government of this country." Ms Mowlam said later she had learned that there was always room for movement in bargaining in Northern Ireland.

● A man of 19 found wounded in both legs in Belfast, Northern Ireland's principal city, on Wednesday night was the victim of a "punishment shooting" by a paramilitary organisation, police said yesterday. The victim was abducted in an anti-republican "loyalist" district of the city, and taken to another area where he was shot. His wounds were not thought to be serious.

# Monopolies watchdog to quit ahead of reforms

By Robert Rice and Stefan Wagstyl

Sir Graeme Odgers, chairman of the Monopolies and Mergers Commission, yesterday announced plans to retire early, following the publication of government proposals for widespread reform of UK competition law.

Sir Graeme will quit in December, 15 months before his contract ends, leaving the way free for the Labour government to appoint a successor to help oversee implementation of its plans. They include replacing the MMC with a Competition Commission with wider powers.

Sir Graeme, 63, said he was stepping down early so that he could end his career with a job in the private sector. He denied there had been any rift with Mrs Margaret Beckett, chief industry minister. "I strongly support the proposals being put forward by Mrs Beckett," he said.

But Sir Graeme has strongly opposed the introduction of a ban on anti-competitive conduct by companies which dominate their markets – one of the main strands of the government's reforms.

MMC officials say the chairman has also been "surprised" by some of Mrs Beckett's decisions since taking office – such as her decision to overrule the MMC and block the Bass/Carlsberg-Tetley breweries merger.

Announcing the reforms yesterday, Mrs Beckett said that Sir Graeme's successor would be appointed by open competition. The new MMC chairman will become the first chairman of the Competition Commission when it comes into existence in 1999.

A bill to be presented in the autumn will introduce a ban on anti-competitive agreements such as price fixing or market sharing cartels and on behaviour such as predatory pricing by companies which dominate their markets.

The new law will be based closely on European competition rules so as to reduce the burdens of compliance on UK industry. Companies which break the rules will be subject to fines of up to 10 per cent of UK turnover.

The bans will be enforced by the director-general of fair trading, who is to have new powers to carry out dawn raids on companies and search and seize material. The director-general's decisions will be subject to appeal at a new body to be set up within the new commission.

Competitors and customers affected by anti-competitive behaviour will also be able to sue for damages in the courts. Mr Nigel Griffiths, minister for consumer affairs and competition, said: "The government is standing up for the consumers and the little growing companies against the big players who dominate markets."

The proposals were welcomed by consumer groups, including the Consumers' Association, which said: "The government is doing what we have wanted for a long time."

Monopoly game, Page 17

Latest corporate governance committee has the task of incorporating two earlier sets of rules

# Shareholder groups open harmonisation talks

By Jim Kelly and William Lewis in London

Talks are under way between the UK's two leading shareholder groups in an attempt to merge their corporate governance voting guidelines.

The Hampel committee, whose report was published on Tuesday, urged the National Association of Pension Funds and Association of British Insurers, the two leading shareholder representative bodies, to attempt to find a solution to the problem of companies having to comply with too many governance codes.

While the ABI and NAPF are confident of reaching agreement on a merged code, officials at both organisations concede that it could prove difficult to persuade institutional investors to tear up their own codes of practice.

Elsewhere, the Hampel report is being studied rapidly as the committee has announced that comments should be lodged by September 30 – with a final report in December.

The task facing the committee will be completing its aim of amalgamating its report with those of Cadbury and Greenbury, the two previous corporate governance reports.

The idea of a single corporate governance "bible" was welcomed by some. Mr Martin Scicluna, chairman of Deloitte & Touche, said: "It is important that companies are not subjected to a proliferation of codes." But there is unease that amalgamation might lead to confusion over what is a principle and what is a rule.

"It's pretty confusing at the moment," said one of the UK's leading auditors.

Sir Ronald Hampel said on Wednesday: "The suggestion that we might bring together the Cadbury and Greenbury codes was made for administrative simplicity – it was not in any way to weaken Cadbury or Greenbury."

One area of the report which may spark a debate is that of measuring performance.

Mr Peter Smith, chairman of Coopers & Lybrand, and a member of the Hampel committee, said there was interest in how some big companies measured directors' performance.

"Such procedures can improve the cohesiveness of the board and ensure that every director delivers at the highest standard; they are worthy of wider development," he said.

"It is at the heart of the committee's recommendations that once in the boardroom, all directors, whether executive or non-executive, should act as one body . . .

"All the directors, as the board, must take responsibility for the proper governance of the business. To do so effectively, the directors must be of the right calibre, bringing openness, thoroughness and objectivity to bear in the conduct of their respective roles. If they fall short, others may be able to identify the deficiency and take some action, but they cannot make it good."

Hampel took a novel line on the concept of widening the directors' responsibilities to judge risks – beyond the strictly financial. "Directors should maintain and review controls relating to all relevant control objectives and not merely financial controls," says the Hampel report.

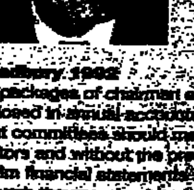
"This recognises the fact that the thing which might bring down a business is not the general ledger being out of balance but a problem with the manufacturing process," said Mr Graham Gilmour, of Price Waterhouse.

There was some disappointment that the report had not – as expected – looked at financial reporting beyond the annual report and accounts. Most shareholders and analysts react to interim, preliminary, and half yearly results rather than finals. But only the final accounts are fully reviewed by external auditors.

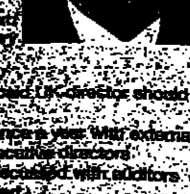
"While I liked the report, I am disappointed that information, like the half yearly results, is not going to be subject to some level of assurance or review by external auditors," said Mr Ian Plaistowe, chairman of the Auditing Practices Board.

The government's response to the Hampel report was described by one policy adviser as "guarded". Ministers are still to reach a decision on whether to establish a permanent corporate governance commission following completion of the Hampel committee's work.

## Points from Hampel's predecessors



Sir Adrian Cadbury



Sir Richard Greenbury

■ Cadbury 1992

Pay packages of chairman and highest-paid UK director should be disclosed in annual accounts

Audit committees should meet at least once a year with external auditors and without the presence of executive directors

Interim financial statements should be discussed with auditors although they need not be formally audited

■ Greenbury 1995

Privatised water and energy companies should review their remuneration packages, adjust them as necessary and make a full report to shareholders for discussion at the first available annual general meeting

For any newly privatised companies, no share-option grants should be made until at least six months after privatisation

Gains from executive share options should be taxed as income rather than capital gains

Long-term incentive schemes may be as effective as improved share-option schemes in linking rewards to performance

International comparisons do not suggest that UK companies in general pay their senior executives too much though the overall position may mask occasional abuses

RECRUITMENT

City bonuses have risen but banks are linking them to performance, says **Richard Donkin**

# Jackpot reserved for achievers

The big bonuses that were handed out in many of the London-based investment banks at the end of 1996 are beginning to show in the pay statistics assembled by Monks Partnership in its latest quarterly guide.*

Anecdotally, many of the 150 or so banks participating in the survey were putting their base pay increases over the past 12 months at about 5 per cent although Monks found that its own comparisons between pay rises reported for 1996 and those for 1997 pointed to a 6.2 per cent average increase.

A reason for the difference could be the difficulty some banks are experiencing replacing leavers. This means that some are upgrading jobs to attract people.

Bonus payments on average have risen less steeply than some well-publicised rises at the turn of the year may have suggested. Front-office bonuses were running at nearly a third of base salary in 1996, rising to nearly 40 per cent of base salary in 1997.

But some bonuses in certain areas did rise steeply. The table shows that the bonus of a fund management director, for example, was almost as big as the base salary in the 12-month period covered by the survey. This compared with figures in the last quarter which indicated a bonus worth about half as much for the same job.

Just how many of those bonuses were earned by skill and judgment is not clear. But there is evidence, says Monks, of a tougher approach to those who do not perform well and the survey found several examples of reductions in base salary, resulting from poor performance against specific targets.

"It seems that banks are still prepared to pay to get a top-level performer but if performance targets are not achieved this may result in termination or renegotiation of the package downwards," says Monks.

**Salaries, bonuses and car allowances in City of London finance**

| Position | Base salary: Lower quartile £000 | Base salary: Median quartile £000 | Base salary: Upper quartile £000 | Average salary: Salary £000 | Average salary: Bonus % | Car provision/allowance: With car % | Car provision/allowance: Value £000 | Car provision/allowance: Annual allowance £000 |
|---|---|---|---|---|---|---|---|---|
| [illegible] | 105.0 | 115.0 | 180.0 | 128.3 | 48.4 | 82 | 28.1 | 8.1 |
| Capital markets head | 139.1 | 160.5 | 184.1 | 156.9 | 80.0 | 87 | 32.6 | 7.8 |
| [illegible] | 97.0 | 106.1 | 117.2 | 109.9 | 64.6 | 92 | 18.0 | 6.4 |
| Fund management director | 116.7 | 121.0 | 155.6 | 133.1 | 94.9 | 100 | 19.8 | 8.0 |
| [illegible] | 90.6 | 98.5 | 149.3 | 126.3 | 55.3 | 80 | 16.5 | 6.8 |
| Eurobond trading head | 100.0 | 111.5 | 125.0 | 117.2 | 54.2 | 67 | 26.2 | 6.7 |
| [illegible] | 98.0 | 100.0 | 142.5 | 117.8 | 50.2 | 43 | 18.9 | 8.5 |
| Private banking head | 80.0 | 100.0 | 127.0 | 102.3 | 14.5 | 64 | 21.8 | 7.5 |
| [illegible] | 98.0 | 102.5 | 120.0 | 109.5 | 80.7 | 100 | 24.0 | 7.3 |
| Financial director | 75.0 | 85.0 | 95.4 | 94.1 | 26.5 | 74 | 22.5 | 7.5 |
| [illegible] | 72.9 | 94.5 | 102.5 | 90.0 | 24.4 | 83 | 15.7 | 6.0 |
| Legal services head | 59.8 | 72.0 | 85.1 | 74.0 | 21.7 | 78 | 16.5 | 6.0 |
| [illegible] | 73.0 | 95.0 | 100.0 | 85.8 | 53.0 | 75 | 23.8 | 7.6 |
| Money market head | 62.6 | 72.0 | 85.0 | 76.7 | 34.0 | 73 | 17.2 | 5.9 |
| [illegible] | 60.9 | 88.0 | 78.0 | 70.8 | 17.4 | 65 | 15.7 | 6.5 |
| Credit manager | 40.9 | 47.1 | 52.0 | 46.6 | 8.5 | 28 | 14.0 | 5.5 |
| Customer services head | 28.7 | 30.2 | 33.7 | 31.4 | 6.3 | 5 | – | 4.9 |

Source: Monks Partnership

*Remuneration in International Banks & Investment Houses is published by Monks Partnership, The Mill House, Wendens Ambo, Saffron Walden, Essex, CB11 4JX, tel: 01799 542222, fax: 01799 541805, £290.*

## Language skills

Did Sir Ron Dearing miss a golden opportunity to place language tuition on a firmer footing in the UK's higher education system? The report from the Dearing committee's review of higher education contained many recommendations on funding and structural changes, but it disappointed those who had hoped that it would address the lack of emphasis placed upon language training in British schools and colleges.

There is an argument that a second language could be introduced during a child's earliest formative years. But there seems an even greater need to include language training in business courses, given the desire of many companies to broaden the international experience of their managers.

A survey carried out earlier this year by Grant Thornton, the accountants, found that only 38 per cent of British companies could claim to have even one executive with a second language, the second-worst record in Europe behind Ireland. While some argue that English is the international business language, the rise of Asian economies and of those in South America, where Spanish predominates, suggests companies would be mistaken to rely on English alone. Those western companies which have executives with good language skills may find themselves better placed to take advantage of the opportunities in these markets.

Marcel van Miert, director of the European Business School in London, believes that the educational establishment and students tend to underplay the importance of a second language.

"We really should try to put languages within degrees, regardless of whether the degrees are business or engineering," he says. Students who enrol at the European Business School must study at least one language as part of their degree. Some study two languages in addition to business subjects. The courses include periods of work and study in the countries where the language is spoken.

Whether such an emphasis on language should be made obligatory in UK university courses is a matter of debate but students may be advised to choose courses attached to languages because language abilities are prized increasingly by company recruiters. Van Miert points to the US educational system which used to insist upon a second language as a part of Phd studies and which, he says, is beginning to move back to this model.

Dearing's failure to recommend reforms in language training may be less of an oversight and more of a blessing in disguise since the best way of reforming the system would probably be to take a root and branch approach to the way languages are taught at every school age, not just in higher education. While there may be a solid business case for such reforms there is also a social argument for second language abilities among the British. The best way to earn the respect of fellow Europeans is to show some willingness to learn a fundamental aspect of their cultures – the language.

*E-mail: Richard.Donkin@FT.com*

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# International auditing opportunities

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*Because of our client-focused approach, and our ability to offer practical and creative solutions to other people's business problems, we have grown to become the IT company of choice for some of the world's largest commercial and governmental clients.*
*Now, due to internal promotions, we have opportunities for experienced professionals to join a worldwide team of 40 auditors.*

## Audit Manager - South America — Tax Free Salary

Reporting to the US-based Vice President and General Auditor, you will take responsibility for planning, performing and reporting financial and operational audits throughout South America.

You will be supported by a team of two staff and can expect to spend between 12 and 18 months in this position before having the opportunity to take on a line management role.

This is an extremely challenging and demanding post. To succeed you should be a qualified ACA and fluent Spanish speaker who is willing and able to travel independently throughout South America.

Your application will be preferred if you have received high quality professional training from one of the 'Big Six' firms and have line management experience. Ref: HN2877

## Senior European Auditor — Uxbridge

Based in Uxbridge, but travelling regularly and extensively across Europe, you will spend the next two years in a hands-on operational and financial auditing role, before having the opportunity to move into a line management position.

A qualified ACA preferably trained by one of the 'Big Six', you must be fluent in one other European language and able to perform in a range of fast-moving and dynamic business environments. Previous line management experience would be desirable. Ref: HN2878

If you would like to apply for either of these roles, and if you are an ambitious, career-orientated individual, with the wherewithal to make an immediate and imaginative impact on our business, then please send your CV to Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. Tel 0171 333 0033 quoting the relevant reference number. You may also apply via: http://taps.com/Harvey_Nash

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Apply your financial and business development skills as:

# Finance Director – Biopharmaceuticals

£70-80k + Substantial Options + Benefits Based Hertfordshire

You will join a fast-growing young company – a new subsidiary of an established international group – as it embarks on the next stage of its evolution: the development of a commercial infrastructure in the UK and Europe.

To succeed in this hands-on role you will:

- have practical experience of the UK PPRS
- understand in-licensing and business development
- relish the prospect of developing a financial function
- welcome the prospect of working within a financially sophisticated corporation

If your CV demonstrates a progressive and successful career in financial planning and management in pharmaceuticals, send it now or call Roger Stephens/Nick Stephens for a discreet discussion, quoting ref. 97095FT. Closing date 21st August 1997.

**Roger Stephens & Associates**

1 Park Street, Old Hatfield, Hertfordshire AL9 5AT
Telephone: 01707 275361/259333. Fax: 01707 271366. e-mail: ndstephens@aol.com.

# Divisional Financial Controller

**C London c £40,000 + Car + Bens + Share Options**

With a long established reputation in the sector, this specialist media business has a turnover of around £60 million. The company has advanced plans for a Stock Exchange listing within the next 18 months. Ambitious expansion plans for the division will utilise state-of-the-art technology and acquisitions to maintain the current high rate of growth.

Reporting to the Divisional Chief Executive, this is a highly influential role with specific responsibility for the following areas:

- Management reporting for the division including analysis and interpretation of the results.
- Strategic planning, budgets and forecasts.
- Ad-hoc projects including acquisitions.
- Development of management information systems to support and facilitate continued growth.
- Presentation at Board level of results and internal liaison with operating line management.

The successful candidate is likely to have at least three years post qualification experience. Candidates with a demonstrable record of success in commercial, change orientated environments will be preferred. The ability to deal with pressure while retaining a sense of humour will prove a key personality trait.

Interested applicants should apply in writing to Guy Stacey at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN, quoting reference 362092.

**Michael Page Finance**
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

# Group Finance Director

## New Technology Services Group

Central London c.£60,000 + Significant Share Options

Backed by a group of quoted companies, our client is a recently formed provider of new technology services to the corporate sector. The company has adopted an integrated and total solutions approach to its service offering and can look forward to exceptional prospects and a likely full stock market listing.

Exemplary financial management will be critical to its success, as will a progressive approach to the business systems underpinning its growth. Reporting to the Chief Executive, the new Finance Director will:

- develop long term plans and subsequent reporting, control and audit procedures;
- manage key relationships with banks and institutional investors and assess viability of client service contracts;
- develop and implement new IT and accounting systems.

Candidates will be graduate qualified accountants with commercial flair and outstanding communication skills. A broadly based finance background and strengths in business and financial planning are mandatory. These should ideally have been gained through a combination of blue chip training and experience in a high growth services environment. Additionally, experience of the IT industry and in preparing a company for flotation would be of particular interest.

This appointment offers a unique opportunity to shape and share in the success of this rapidly developing group. The comprehensive benefits package includes an opportunity to build significant equity through options. Please send a full CV in confidence to GKRS at the address below, quoting reference number 746J on both letter and envelope, and including details of current remuneration.

GKRS
SEARCH & SELECTION
86 JERMYN STREET, LONDON SW1Y 6JD. TEL: 0171 468 3800
A GKR Group Company

# INTERNATIONAL FINANCIAL ANALYST

**Southern England based c. £50,000 + executive package**

The client is a US-based leader in many international markets and has an enviable reputation for the high quality of its products and customer service. With a high organic growth rate and impressive profitability, the company is pursuing new business opportunities across the world and now seeks to strengthen its small international HQ team by the appointment of a Senior Financial Analyst of the highest quality.

The role will involve the analysis of existing international operations and advising as appropriate on issues of strategic importance such as: key performance indicators and cost drivers, profitability analyses, capital investment planning, acquisitions and other special projects as required.

This position will be suited to a qualified accountant (UK or US) - preferably with an MBA - who has experience of working successfully in an international operating environment. A keen analytical mind, the ability to see the "wider picture" and excellent communication skills are vital as the role demands the cultural sensitivity to enable the Analyst to operate effectively in a truly global environment. Fluency in a second language or relevant overseas experience would be an advantage - there will be much international travel - as well as a background in FMCG, media or pharmaceuticals. Genuine long term career prospects exist world-wide within the group and package considerations will not be an obstacle for the right candidate.

To apply, please submit (or fax 0171 316 7700) your CV, quoting reference UKR13797, to Richard Owen, Principal Consultant:

**FEDERAL RESOURCES EUROPE**
1st Floor, Celcon House, 289-293, High Holborn, London WC1V 7HU
Email: frewin@dial.pipex.com

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# Scandinavian Management Accountant

***UK based sales accounting role with a Nordic brief***

**To £30,000 + car + benefits**

MASSEY FERGUSON, *the world's leading tractor brand is now part of the highly successful AGCO Corporation, a global manufacturer and distributor of agricultural equipment with 1997 sales projected to exceed $3bn. Our high quality tractors, combines and machinery are marketed in over 140 countries, through an extensive dealer and distributor network.*

Based at our European headquarters in Coventry, Warwickshire, this high profile appointment offers a unique career challenge to a qualified Accountant - CIMA or equivalent - seeking to optimise their Scandinavian language and accounting skills with the market force in agricultural equipment. A background in the distribution or automotive sector would be advantageous.

You will take responsibility for all aspects of Sales Accounting for the agricultural and forestry equipment sold by AGCO in Norway, Denmark and Sweden to local dealers. This will directly involve you in a major investment programme, centralising European country finance functions into Coventry and developing common 'best practice' systems.

Working closely with senior sales/finance colleagues, you will also provide a high level of financial support and assistance to our Scandinavian managers, whilst accounting, reporting and controlling sales margins and inventory. Controlling discounts and incentive programmes will be additional responsibilities in this very autonomous role.

Experience of controlling the financial aspects of sales growth including meeting Scandinavian accounting, statutory and legal requirements will be essential. Systems implementation experience would be advantageous.

You must have first class communication and interpersonal abilities and be committed to developing your financial expertise in a multi-national organisation undergoing considerable change.

Fluent English and either Danish, Norwegian or Swedish is essential. PC literacy and a willingness to travel overseas will be vital.

Relocation assistance will be given where appropriate.

**Please write with comprehensive CV to:
Malcolm Cowles, Manager HR,
AGCO Limited, PO Box 62,
Banner Lane, Coventry, CV4 9GF.**

AGCO

Britannia

*£100,000 package + benefits*

*Leek, Staffordshire*

# Head of Group Finance

***Pivotal, proactive finance role within this successful Society, a leader in its commitment to mutuality and the development of innovative customer loyalty programmes. With assets of £17 billion and its own life insurance subsidiary, this is a substantial and challenging role within a progressive, high profile Group.***

**THE ROLE**

- Reporting to the Group Finance Director. Responsible for statutory and management reporting and control, financial modelling, forecasting, Group consolidation, tax and purchasing.
- Overseeing annual planning and budgeting cycles, maintaining technical accounting excellence and the integrity of financial systems and controls throughout the Group.
- Full involvement in the analysis and evaluation of new business opportunities as well as ad hoc projects for the Board. Key contributor to the development of corporate strategies and business plans.

**THE QUALIFICATIONS**

- Graduate accountant, aged 35+ with strong technical skills and a proven record of upgrading management accounting and planning processes, ideally within a progressive financial services Group.
- Open, positive communicator with the maturity and presence to influence and advise across the organisation and to a wide range of external audiences.
- Enthusiastic and energetic individual focused on the consistent and timely delivery of effective management information.

**Leeds 0113 230 7774**
**London 0171 298 3333**
**Manchester 0161 499 1700**

Selector Europe
Spencer Stuart

**Please reply with full details to: Selector Europe, Ref. F2160067M, Adlington Court, Greencourts Business Park, Styal Road, Manchester M22 5LG**

# GROUP FINANCIAL CONTROLLER - plc

**Yorkshire** **Remuneration c£60,000 pa**

Reporting into the Group Financial Director of this well established, medium-sized £80m turnover plc, this is a newly created role coinciding with a review of all major operations and systems within the organisation. Within this context the Group Financial Controller will play a key pivotal role in this comprehensive programme as well as undertaking on going projects and business audits throughout operating subsidiaries both in the UK and overseas.

The ideal candidate, a qualified Accountant, probably aged 35-45 must be able to complement a very strong systems and financial management pedigree with the interpersonal skills and broad commercial acumen necessary to influence events and get things done across a number of functions and levels in a multi sited business.

The Group is a market leader in its field and is involved in the design and manufacture of leading edge systems and products as well as the provision of associated services.

Fast moving and entrepreneurial, the company culture is challenging and requires, from its Senior Executives, a probing, profit focused approach and strong sense of achievement.

The position offers real career prospects and the opportunity to deputise at Group Board level for the Group Financial Director.

***To apply, please send comprehensive CV quoting reference 12092/FT to: MARQUE Executive Resourcing, 4 Hepton Court, York Road, Leeds LS9 6PW. Tel: 0113 248 0110. Fax: 0113 248 7642. Alternatively apply on-line via the Monster Board on http://www.monster.co.uk***

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***Executive Resourcing***
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# FINANCE DIRECTOR

c£55,000 + CAR — CENTRAL LONDON

Our client is a profitable and important business unit within a top international financial services operation. It employs some 300 professionals and generates over £40m annual fee income. In a period of rapid growth it recognises the value of a commercially astute Head of Finance and with the promotion of the present jobholder it is now looking for a high calibre individual to replace him.

This is a key and influential appointment. The Finance Director will be a member of the Senior Management team and will take full responsibility for the finance function, heading up a team of six and reporting to the Office Managing Partner. The brief will be to support him in the commercial decision making process, providing meaningful management information and advice drawing upon a time-based billing system, and delivering a forward looking reporting and control service. It will also involve some liaison with the National Finance Director and other top-level UK executives.

Candidates should be qualified accountants with a minimum of ten years financial management experience, ideally gained in a partnership environment. In addition to strong budgeting, analysis and reporting skills, this varied and demanding role requires an individual with credibility, maturity and the ability to influence others.

Please reply in confidence, enclosing your CV and current salary details, **quoting ref: FT7004**, to Paul Carvosso at Howgate Sable & Partners, 35 Curzon Street, London W1Y 7AE. Internet:http: //www.topjobs.net/howgate

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# perform

treasury analyst
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orange

Since its launch, Orange has proved to be one of the most innovative telecomms companies in the UK. In addition to expanding their range of services in the UK, and as part of their ongoing business development, Orange are continually looking overseas for new opportunities.

Since flotation last year, Orange plc have established a treasury function at their London Head Office. This was set up to manage the group's debt and cash position, financial exposures and develop the company's relationship with the banks.

As part of the development of this area Orange now require a bright analyst to enhance the performance of the department.

The new analyst will provide meaningful information to senior management on a variety of issues from financial exposures to the financing implications of new projects and investments. In addition, the Treasury Analyst will be involved in a variety of systems development and other ad-hoc projects.

This position will provide a bright, commercially minded accountant with an entry point into Orange. Career prospects from this role are wide-ranging, and applicants can be certain that their efforts and abilities will be recognised.

The successful candidate will be a qualified accountant with up to 2 years' PQE either in practice or industry. It is vital that applicants can demonstrate the necessary drive and energy to keep pace with the expansion of this highly dynamic organisation.

Interested applicants should apply in writing to Mike Deane, quoting reference: 335998, to Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

# REQUIRED FOR A LEADING SAUDI ARABIAN GROUP

**INTERNAL AUDIT MANAGER**

Candidate should have a CPA, a CA or CIA Certification with external audit experience in six big firms and/or internal audit experience in the radio and television broadcasting industry. International travel will be required for 40-50 percent of the time.

**SENIOR INTERNAL AUDITOR**

Candidate should have a university degree with 5 years experience in a recognised public accounting firm or in an internal audit department of a large corporation.

**FINANCIAL REPORTING MANAGER**

Candidate will work in a multi-national environment. He should have a solid knowledge of accounting pronouncements as well as good communication and analytical skills. Experience as a senior accounting and financial reporting manager at the holding level of a corporate entity is a big plus.

Only candidates in the age group of 28-38 years should apply for the above three positions.

***Send applications by fax to: +44 171 629 2586***

# Deputy Head of Finance

## Kent ■ £negotiable + bonus + benefits

Guardian Health is establishing a prominent position in the healthcare market through the provision of a range of high quality products and services, supported by a flexible customer-oriented approach.

The company has grown substantially, acquiring an enviable portfolio of 'blue chip' clients and with the active backing of the parent group, Guardian Royal Exchange plc, the business plan is to invest in and expand healthcare market services and resources.

The Deputy Head of Finance ensures that the Finance Team meets the growing demands of the business as it continues to expand into other sectors of the health market.

This new appointment will strengthen corporate management and act as the catalyst for spreading financial discipline throughout the business. As the business grows, evaluating changes in business risk and designing appropriate controls will be key responsibilities. It demands a good understanding of the insurance and/or financial services markets and calls for an ACA/FCA with a sound knowledge of general management principles, possibly gained through MBA studies.

Candidates will need to demonstrate a hands-on approach supported by outstanding team player, interpersonal and natural leadership skills. A good communicator and presenter with a strong bottom line focus will quickly achieve success in this role and simultaneously drive/develop the finance team forward to fulfil their potential.

Based in Folkestone, Kent, a highly competitive financial package is on offer, including relocation assistance (if appropriate) and a full range of senior employee benefits.

**To express an interest in this appointment please write, in confidence to John L. Thompson, the company's adviser at: Thompson Agius Ltd., (Ref 1660), Compton House, Selsdon Road, Croydon, Surrey CR2 6PA. Fax:+44 (0)181 680 9773 or via the Internet: http://www.tal-hwt.co.uk**

**Guardian**
Health

# FINANCIAL CONTROLLER

Mid Kent

c. £45,000 Package + Car

**The Barkland Group is one of the leading independent cleaning and hygiene specialists in the United Kingdom, with unrivalled experience and expertise in the retail and commercial industry sectors. A combination of effective communications, quality systems and fully integrated regional management structure, have enabled the Group to secure major contracts with some of the largest companies in the United Kingdom.**

Reporting of the Chief Executive and working closely with key operational management, your focus on the provision of proactive financial and commercial support will facilitate your move to Finance Director in the short term.

- Play a key role in the commercial management and decision making processes directly impacting on the direction of business strategy.
- Manage and develop the finance function to achieve statutory and commercial objectives.
- Oversee the development and installation of all financial systems.
- Produce and continually enhance the quality of management information critical to the business as it becomes more complex.

The successful candidate will be a qualified accountant, with a minimum of 5 years' experience in a multi-site service environment, with the ability to demonstrate first class commercial and financial management skills. As a robust man-manager (team of 15), your vision and drive will allow you to progress rapidly within this performance oriented, expanding company.

*Interested candidates should contact **Simon J. Clarke**, quoting reference SJC2026, at Harrison Willis, Central House, 27 Park Street, Croydon, Surrey CR0 1YD. Tel: **0181 680 4220**. Fax: **0181 774 7136**. E-mail: **hwgroup@hwgroup.co.uk** **http://www.hwgroup.co.uk/hwgroup***

BARKLAND

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*HW Group Company*

EURO LONDON APPOINTMENTS

# DEPUTY FINANCIAL CONTROLLER

***SALARY NEGOTIABLE***

One of the City's leading European Banks has an opening for a Qualified Graduate Accountant with a minimum of 3-5 years banking experience. It is essential that you possess previous experience of the supervision of the production of statutory and management accounts, staff management and budgetary planning and monitoring. This is a responsible role which will require you to optimise the efficiency of the Reporting and Planning section, deputise for the Financial Controller, comply with all statutory and internal reporting requirements, co-ordinate the annual budget process and optimise the tax position of the Branch. As there will be regular liaison with Head Office in Frankfurt, the ability to communicate in German would be advantageous though not essential.

Tel: 0171 583 0180 Fax: 0171 583 7800
1 HARE PLACE, 47 FLEET STREET, EC4Y 1BJ
e-mail: elafleet@dial.pipex.com

# FINANCIAL CONTROLLER

**LONDON BASED PUBLISHING COMPANY**

requires

**CHARTERED ACCOUNTANT**

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CV's to **SPOFFORTHS**,
*Chartered Accountants*,
1, South Street, Chichester,
West Sussex PO19 1EH

# *CHIEF FINANCIAL OFFICER AMSTERDAM*

**$90,000-$100,000 Plus Benefits**

Our client is a medium sized international public service company based in Amsterdam.

Our client is looking for a proactive and commercial Chief Financial Officer who is prepared to take a hands on approach. You will be responsible for all aspects of the financial and control activities of the group and will report directly to the CEO. You will be required to travel from time to time, mainly within Europe.

As a Certified Public Accountant you will have had three to five years experience with a listed public company and will have sound knowledge and experience in the use of computerised systems and spreadsheet reporting. A full command of English is essential and other European languages would be advantageous.

**Interested candidates should forward a comprehensive CV to: 7 Welbeck Street, London W1M 7PB. Fax number 44-171-935-7242.**

هكذا من الأصل

[redacted]



## FINANCE DIRECTOR

c£45,000 Gosport, Hampshire

# FIGURES THE NATION CAN RELY ON

NARO

The Naval Aircraft Repair Organisation is the Defence Agency responsible for repairing and overhauling the Royal Navy, Army and Royal Air Force helicopters, engines and components. It has an annual turnover of around £120 million and employs 1,600 people on two sites at Perth and Gosport.

The Agency is constantly striving to improve quality, control costs and deliver better value for money from the nation's defence expenditure. The Finance Director will play a crucial role in achieving these objectives.

Reporting directly to the Chief Executive, you will manage the corporate finance strategy and the incorporation of Central Government and MoD financial policy. Key tasks will include developing new financial systems, implementing an effective budgetary management regime and establishing financial links with the Manufacturing Resource Programme II system. You will also be expected to drive through best practice as part of the Management of Change Programme. Additionally, the Finance Director will be responsible for all contracting and central procurement policy and practice for the agency.

This challenging position calls for a qualified accountant (holding membership of one of the CCAB bodies) with at least five years' experience at senior level in a commercial environment and an extensive knowledge of computerised systems. Some understanding of government financial systems and Next Steps Agencies would be an asset.

The appointment is offered on a three to five year fixed term contract with the possibility of permanency.

Additional posts may become available elsewhere within the MoD.

For an application form (to be returned by 29th August 1997), write to Recruitment & Assessment Services, Innovation Court, New Street, Basingstoke, Hampshire RG21 7JB, or telephone Basingstoke (01256) 468551 (answerphone), or fax 01256 383786/383787. Please quote reference B3401. Previous applicants need not re-apply.

*The Ministry of Defence is an equal opportunity employer.*

RAS PART OF THE CAPITA GROUP

# Financial Strategy Analyst

**Central London** — **To £70,000 & benefits**

- Our client is a leading name in the global media business with a worldwide reputation for its creative excellence.
- Continued development has created a unique opportunity for an exceptional individual, working as part of the central finance team, with the communication skills and intellect to influence the strategy of the organisation.
- Key responsibilities will be to assess and evaluate a wide range of proposals to ensure that they are consistent with the group's strategic objectives, and further its financial effectiveness.
- This high profile role will require either a qualified accountant or MBA with previous experience in evaluating strategic issues within a blue chip organisation.
- Success will depend on building credible working relationships at the most senior level and the ability to work with diverse teams of motivated, creative individuals. Achieving results will rely heavily upon negotiation and influencing skills together with an intellectual capability to analyse complex problems.
- Prospects for further advancement within the organisation are excellent.

*Please write in confidence to Suzane Wood, giving details of your career and current earnings, quoting reference 2615.*

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## THE POSITIONS

- Outstanding opportunities for ambitious and commercially orientated professionals to work at the heart of this very successful Group in the following positions:
- CORPORATE CONTROLLER
- Reporting to the Deputy Group Finance Director
- Will work as part of a small Head Office Team, interfacing with and assisting the business units to maintain alignment with group strategy
- TAX MANAGER
- Reporting to the Group Tax Manager
- Will make a significant input to the tax planning of the company's domestic and overseas business operations. Compliance in all countries (other than the U.S.) will be a key aspect of the role

## QUALIFICATIONS

- Assertive graduates, Chartered Accountants with Big 6 Accounting Firm background
- As a Corporate Controller you will have had experience of commercial issues, acquisitions and due diligence, preferably in an operational role
- As a Tax Manager, you will have gained extensive experience with a Big 6 firm or an international public company and have experience of integrating tax planning into a business environment focused on achievement of specific targets
- Diligent and committed self-starters with first class communication and analytical skills
- Ambition to grow both professionally and personally
- International Travel

**Candidates should send details of career to date and current remuneration to:**

**Mr Richard Bradford**
**Siebe plc**
**Saxon House**
**2-4 Victoria Street**
**Windsor**
**Berkshire SL4 1EN**

# IT Appointments

## Treasury and Capital Markets Professionals

**£40,000 to £65,000 + Car + Benefits** — **London and Halifax**

Our conversion to plc status has enabled the Halifax to become one of Britain's top 4 banks. No financial institution in the UK is more strongly rated than the Halifax. We are committed to future growth and success in existing and new markets and these challenging roles offer you the opportunity to make a major contribution at a critical time in our development.

Group Treasury is one of the 6 key businesses of the Halifax. It is already a major participant in sterling and interest rate markets and we have plans to expand to make the most of the opportunities presented by conversion. It's a dynamic environment where one of our objectives is to strengthen key parts of the Treasury team to establish, as a core competence, the management of change and the delivery of IT to the business.

### Business Consultants

This has created a number of opportunities within our Business Consultancy operation for IT and Treasury professionals. Your remit will be wide ranging and will encompass full project life cycle responsibility from the requirements gathering, through specifying and researching solutions, to managing the delivery of new systems that meet the needs of a rapidly growing Treasury business.

You will have substantial Treasury experience, gained in a trading environment or in a Treasury IT support role. **Ref: HN2828FT**

### Service Delivery Manager

We also need an experienced manager to run the Treasury Infrastructure Support function, currently serving a user base of 100 staff, based both in Halifax and in London. Your team will be expanding rapidly to continue to provide first-class service to the growing Treasury business. More important than specific technical skills is a good understanding of the nature of the Treasury function and the demands of its users, and the ability to manage service within challenging SLA's. You must have significant service delivery experience, preferably in a securities, derivatives or, possibly, an equity trading environment. **Ref: HN2840FT**

Of graduate calibre, with strong management abilities coupled with excellent interpersonal and communication skills, you will already have demonstrated your ability to deliver in a demanding, dynamic and fast moving environment.

These are not ordinary roles with an ordinary company. They offer a unique opportunity to make your mark with one of the UK's leading financial institutions. You have the opportunity to be in at the beginning, helping to establish the Halifax, with its extensive resources, as a major player in Financial markets worldwide.

In return for your professionalism and commitment you will receive a highly competitive remuneration package, including full relocation assistance where required and the opportunity to develop your career in a major UK company.

**To apply, please send a CV and covering letter to Harvey Nash Plc, 13 Bruton Street, London W1X 7AH. (Tel: 0171 333 0033, Fax: 0171 333 0032.) Please quote appropriate reference number and include current salary details and, where possible, a daytime telephone number. You may also apply via http://taps.com/Harvey_Nash**

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*Equal opportunities for all - our policy is as simple as that*

HALIFAX

## Head of International Markets – Order Handling

### Excellent Salary + Bonus + Benefits

Our client is one of the largest providers of international financial information, delivering news, real-time data, sophisticated analytics and extensive historical information for the world's financial markets.

The company wishes to recruit a senior global marketer to lead its Order Handling activities, capitalising on recent changes in both equity market practice and technology to produce a range of new products and capabilities for its clients in the global financial marketplace.

The ideal candidate will have:

- The financial market experience required to understand the needs, motivations and strategies of major global financial institutions.
- A detailed knowledge of the marketplace drivers, processes and technology associated with Order Handling, and equity markets, probably gained through hands-on implementation experience either within or for a financial institution.
- The ability to translate and guide these inputs into plans for commercially viable end products for the investment community, working as part of a multi-disciplinary team.

This is an excellent opportunity to join a large and fast expanding financial information provider. A first class academic background, coupled with a sound knowledge of Order Handling and management is essential. At least ten years' experience is required to fulfil this challenging and demanding role. This is a key position providing enormous potential at senior level to contribute to the overall business growth of the company.

*For a confidential discussion please contact Edward Hunter Blair, Tel: 0171 236 2400. Fax: 0171 236 0316 or apply in writing to Sheffield-Haworth Ltd, Prince Rupert House, 64 Queen Street, London EC4R 1AD.*

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A rare combination of a raw talent good business judgement and a new software technology sometimes delivers sensational stories of commercial success. We are a small software start-up and our new technology stuns even the most hard-bitten businessman. We now need to adds some more raw talent to our London based development team!

## BUSINESS PLANNER?

If you have a thoroughly "hands-on" approach to financial software then this may be your perfect job. We can't pay you a 6 star salary, but we can offer reasonable remuneration, an equity position and a senior role in a firm that intends to IPO in 3-5 years.

**Can you tick all six?**

- Written business plans? ☐
- Spot the "BS" in company report? ☐
- Enjoy programming? ☐
- Financially qualified (ACA, CIMA etc.)? ☐
- IT Qualified? ☐
- Bursting with energy? ☐

**Stoneygate Software Ltd**

**Telephone 01582 736006 or fax your CV to 01582 455272.**
**Please visit our internet site www.stoneygate.com - email: jonf@stoneygate.com**

MANAGEMENT

## John Kay

# Question of duty

### The Hampel Report poses more questions on how to run a company than it answers

The conscientious director will turn to the Hampel Report – an interim report on corporate governance in the UK – for a clear statement by a group of distinguished industrialists of the nature of a director's duties. The eye will alight on paragraph 3.2 which describes them: "The duties are owed to the company, meaning generally the shareholders collectively, both present and future, not the shareholders at a given point in time."

This assertion ignores the most important difference between shareholders and other stakeholders in a business. It is easy enough to see how there might be a divergence between the interests of the current and future employees of a firm. Employing more people than the company needs, at higher wages than the firm needs to pay, might undermine its competitiveness and reduce the prospects for future employment.

But this is not true as between current and future shareholders, because the only way future shareholders acquire that status is by purchasing their shares from current shareholders. If an action would benefit future shareholders, it would raise the price they were willing to pay for their shares, and hence also benefit current shareholders. Thus the operation of market mechanisms ensure that the interests of current and future shareholders are identical. This is one of the wonders of the capitalist system. Even if we are altogether careless of the welfare of future generations, we take their interests into account when we build things to sell to them.

The only way you can rescue Hampel's claim is by suggesting that future shareholders do not know what is in their best interests. Although the actions of management truly raise the future value of the company, they do not increase its present value, because the market does not understand what management is doing. This might be true. But it means management prerogatives are unchallengeable. Managers are to act in the interests of future shareholders. Not only are they, by definition, unidentified and unidentifiable: they are also, by assumption, ignorant of what their interests are.

But let us suppose that Hampel is right, and that directors are obliged to balance the claims of current and future shareholders. At this point, directors would seem to fall foul of the problem identified in paragraph 1.17, which is used to explain why managers could not be responsible to stakeholders other than shareholders: ". . . .to redefine the directors' responsibilities in terms of the stakeholders would mean identifying the various stakeholder groups; and deciding the nature and extent of the directors' responsibility to each. The result would be that the directors were not effectively accountable to anyone since there would be no clear yardstick for judging their performance."

> This may seem nit-picking. The Hampel Committee consists of practising businessmen, not trained linguistic philosophers.

Now I am not sure why this assertion is correct. It is perfectly possible to be accountable to more than one person or group of people. Sir Ronald Hampel is accountable, I suggest, to his board, his committee, his shareholders and his wife. I suspect that the paragraph does not say what the committee intended it to say, and when they use the word "accountable" they meant "have responsibility, or duty to". These are not the same thing. The Metropolitan Police are accountable to the home secretary, but that does not mean that the only house they guard is Jack Straw's; their responsibilities extend to all law-abiding citizens. And in assessing their performance, the home secretary should look not just at whether they have kept burglars out of his residence but at whether it is safe to walk the streets of London.

However, once you have made that distinction, then half the argument of the paragraph collapses. The fact that shareholders theoretically elect directors does not of itself mean that the only interests the directors should pursue are those of shareholders. The question of who appoints whom to an office is entirely separable from the question of what the office holder should do.

And the other half of the argument is pretty weak, too. Just as it is possible to be accountable to more than one person or group of people, it is also possible to have responsibilities to more than one person. Sir Ronald Hampel has responsibilities to his board, his committee, his shareholders and his wife, and although he is not accountable to his children he certainly has duties towards them.

All of this may seem nit-picking and semantic. After all, the Hampel Committee consists of practising businessmen, not trained linguistic philosophers. But it is not satisfactory, or tolerable, that a group of leading industrialists, specifically charged with making recommendations on corporate governance, can only offer an account of directors' duties which is confusing and incoherent. That is why we ought to have a statute law that defines what directors' duties are.

It should not say what the Hampel Committee seems to think, in paragraph 1.17, that it should say. Or perhaps paragraph 1.17 tells us what they think it does say, for it is not clear whether the *ex-cathedra* statements they make about the purposes of corporations are prescriptive, or simply descriptive of what they think is the current state of the law. The Hampel Committee seems to want to assert that companies have relationships with all their stakeholders, but responsibilities only to shareholders.

The key point is not that firms which are run on that basis are unlikely to serve even their shareholders well. It is that business which denies that it has duties to its employees, its customers and to the community at large stands no chance at all of sustaining public acceptance. If these are the values of business, then we do not want them in our government, or near our schools, our hospitals, or our water supply. The key message of post-Thatcherite Britain is that there are no rights which are not associated with obligations. It is a message which the Hampel Committee would do well to take on board in its final report.

*The author is a director of London Economics and director of the School of Management Studies at Oxford University. This column appears fortnightly.*

# Big game theory in the workplace

### Stephen Overell on lessons for organisations from animals

Ian Thomas has a seven point strategy for running a successful business: focus, stalk, pounce, kill, hoist, eat, rest. If this sounds a singularly muscular approach to customer service, that's probably because it is. It was devised after 10 years as a game warden at Londolozi in South Africa's Mpumalanga province.

From expertise in big cats, it has been a short step to travelling the world's business lecture circuit talking to rapt audiences about transferable parallels with the corporate jungle. The pounce of the leopard is likened to exceeding the expectations of the customer, the kill, to the closing of a sale. The hoist represents the money from the sale being kept safe like carrion; eating corresponds to reward for a sale and rest symbolises the need to handle stress. To Thomas, the leopard is the leader in "customer service". Lions win by "continual mentoring".

"Hunting prey, the preserve of lionesses, is the same as a business bringing in income," he says. "Lionesses too take responsibility for raising cubs, a role compared to the introduction and development of a new team member. Security and protection of territory, a role exclusive to the male lion, is keeping a competitor out of the market. Lions are very focused on what they are trying to do. They have a very structured selection process with very few of the cubs making it to adulthood. For businesses who want to put teams together there are few better models than the way lions operate."

Thomas's customers include companies such as Microsoft, International Business Machines, Hewlett-Packard, Mercedes-Benz and management development company TMI. He is part of a developing fringe in management consultancy that believes the way to cope with a rapidly changing business environment is to look at purportedly superior models of organisation available in the natural world.

With the bulk of post-re-engineering thinking being based on the concept of teams and teamworking, it is ants, honey bees, termites and wolves that are being hailed as role models. Some pioneers are even arguing that individualism has had its day. It should be teams rather than individuals that are recruited for specific projects, as is the case in the animal kingdom.

Animal role models for the organisation, a panther and honey bees *Photograph: Telegraph Colour Library*

"Where an organisation faces high complexity and high risk, it needs well-balanced teams," says management thinker Meredith Belbin, author of *The Coming Shape of Organisation*. "Strategic leadership is much safer vested in small strategic teams rather than in a single individual."

He suggests ants are the creatures which human beings should seek to emulate in their attitude to work. "These insects have common principles of organisation," he says.

"They were the first agriculturalists; they invented towns and cities. Ants have an enormous number of specialist trades people and can respond much more quickly than humans to a crisis."

Using observation of animals to influence human action is, of course, nothing new. Niccolo Machiavelli used to proffer his advice on statecraft on the basis of whether rulers exhibited more of the characteristics of the fox or the lion.

But does this more atavistic streak in management theory represent a challenge to the thinkers of the last decade who have tended to emphasise the increasing dominance of technology over the future of work?

Pauline Beldon, a zoologist who has recently been recruited to Performance Through Excellence (PTE), management training specialists, thinks that while comparisons with socio-biology are not scientifically valid, they do provide insights that can motivate teams.

Animals team up for reasons such as group foraging, group protection, increased vigilance and reproductive co-ordination.

Beldon argues these observations can be applied to business. Group foraging can be co-operative marketing, vigilance can be protectionism, reproductive co-ordination can be joint ventures.

PTE, whose clients include Nike, British Telecommunications, BMW and Wella, holds seminars illustrating multi-skilling through reference to honey-bee colonies. The queen bee lays the eggs while every other worker has a specific job which may change with time. Bees begin their "career" preparing cells to receive eggs, moving on to feed larvae and build combs. But they also spend time patrolling the hive for security and looking for food. Older, "multi-skilled" bees fill in where they are needed.

"People stay within a team because they recognise that their personal interests occasionally have to be sacrificed for the good of the team," says Beldon. "The animal kingdom is crammed with creative business solutions."

Meanwhile, figures from the world of biology have been seeing business relevance in their work. Jane Goodall, the eminent ethologist who has spent 40 years researching chimpanzees at Gombe in Tanzania, will travel to Japan in August to tell business people how perfectly pedestrian chimps can become the dominant "alpha male" through circumventing the normal channels to the top. The leadership lesson is obvious.

ARTS

# A po-faced post-nuclear pantomime

## In Salzburg, Andrew Clark finds the ubiquitous Peter Sellars re-writing Ligeti

Bullshit! Arselicker! Pisspot! Words like these are not entirely alien to today's opera audiences, as they might have been a generation ago, but they are still a mouthful for the well-dressed, well-heeled clientele of the Salzburg festival. They come straight out of György Ligeti's opera *Le Grand Macabre*, which has just received its Salzburg premiere 20 years after its first performance.

Obscenities are common parlance in *Le Grand Macabre*, but none seems gratuitous. This is Ligeti's uproariously subversive pantomime of death, set in "Breugelland" and peopled by characters from a surreal cartoon. Playing the clown with a serious subject, Ligeti presents a world where Nekrotzar, the grim reaper, gets distracted by the drunken antics of Piet the Pot, where a court astrologer disposes of his wife after a bout of sado-masochism, and where two lovers copulate their way past the end of time.

As those will know who have come across it in any of the 20-odd stagings it has enjoyed elsewhere (including English National Opera in 1982), *Le Grand Macabre* is a litany of inanities and profundities, a grotesque farce dressed in music of exquisite tone clusters and lyrical inventiveness. You're not meant to understand it or brood over it. The opera celebrates the comic and the absurd, and should succeed first and foremost as theatrical entertainment.

Programming it in Salzburg, and hoping it would fill the 2,200-seat Grosses Festspielhaus alongside *Wozzeck* and *Pelléas et Mélisande*, was an act of faith by Gerard Mortier, the festival's artistic director. Thanks to clever marketing, the commercial risk has paid off – half the audience even turned up to a pre-performance talk – but the artistic risk has not.

By handing the staging to Peter Sellars, Mortier gave *Le Grand Macabre* the kiss of death. In customary style, Sellars virtually rewrote the piece, and even had the gall to have his own synopsis inserted as a programme-slip, contradicting the composer's own. So it was no surprise, after the first night, to find Ligeti condemning the production. The only mitigating factor was the quality of the cast and the superlatively acute rendering of the music by the Philharmonia Orchestra under Esa-Pekka Salonen. Musically, at least, I doubt if *Le Grand Macabre* has ever enjoyed such elfin swagger and precision. So it is good that Sony's new recording, part of its complete Ligeti edition, will be based on these performances.

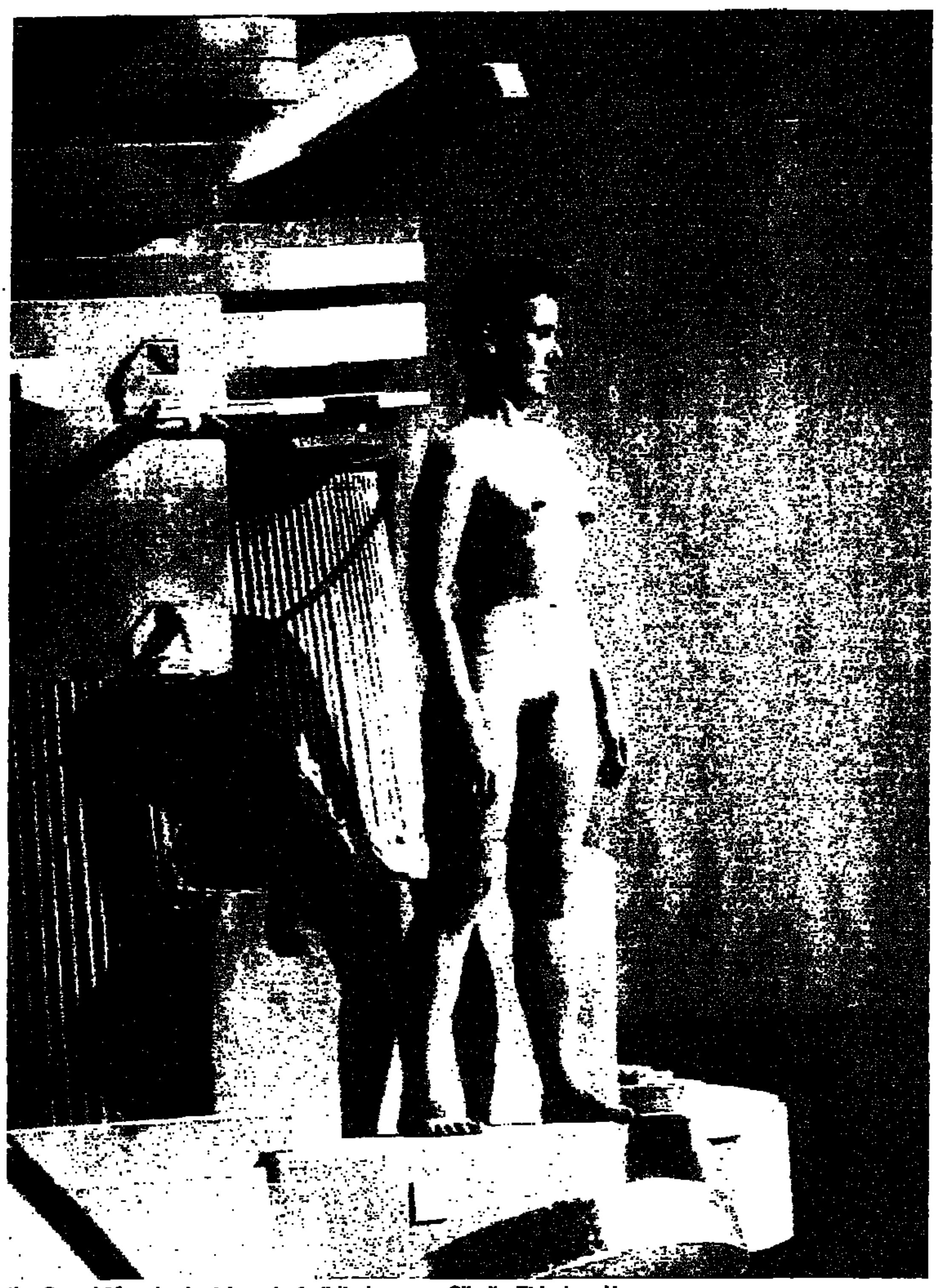
As a theatrical experience, however, Sellars neuters the work. The most successful performances of *Le Grand Macabre* are those which make you laugh loudest. Well, there wasn't much to laugh about in Salzburg. Sellars does nothing with the piece except fill it with his own puritanical obsessions. The curtain rises on a landscape of gas masks, body bags and a defunct space capsule, set amid the ruins of an atomic power station. The first words of the libretto may be "Dies irae", but Sellars' version is not the fairy-tale requiem Ligeti intended. It is a humourless vision of life after a nuclear catastrophe.

Ligeti's words and music keep telling us something the staging seems to deny – and the tragedy is that thousands will come away with the impression that *Le Grand Macabre* is some sort of sick morality play. Like Bob Wilson, also in favour in Mortier's Salzburg, Sellars views each opera through the prism, or prison, of his own iconography. Here, with depressing familiarity, are the gun-toting guards, blindfold hostages and identically-clothed sects that are the Sellars shorthand for a sick society. George Tsypin's colourless decor takes no account of the opera's changing settings, and the only variation we get is the unexplained arrival of a monster insect-machine which no dramatic purpose.

Under the circumstances, it was hard to judge whether Ligeti's new version of the score represents an improvement. He has shortened the Astradamors-Mescalina scene, turned the two Ministers' dialogues into music and recomposed some passages. The performance still lasted an hour and 50 minutes without interval – not much shorter than the original. The great Passacaglia made little impact and, shorn of effective stage action, the score's other-worldliness seemed disconcertingly overshadowed by grey washes of sound.

Salzburg performed it in Ligeti's English version, which is far more pithy than the German (both were printed in the programme and projected on titles). Willard White's Nekrotzar, draped in a garland of skulls, covered the stage with expressive gravity, but without much menace. Graham Clark's Piet the Pot, a part that could have been written for him, resembled an ageing hippy, in splendid voice but – like the rest of the cast – far from his expressive potential. Frode Olsen and Jard van Nes, as Mr and Mrs Court Astrologer, acted like a middle American couple in need of therapy – not a funny sight – while Derek Lee Ragin looked lost (and sang beautifully) as Prince Go-Go. Sibylle Ehlert played Venus in the nude and then turned up, a nuclear burn victim, as Chief of Secret Police.

Ligeti has inexplicably turned his back on the original lovers' names, Clitoria and Spermando, in favour of the anodyne Amanda and Amando, deliciously sung by Laura Claycomb and Charlotte Hellekant. It all makes a rather depressing spectacle. The production will be re-staged at the Châtelet in Paris next February.



'Le Grand Macabre', stripped of all its humour: Sibylle Ehlert as Venus — Winfried E. Rabanus

# 'Theodora' in Catatonia

Meanwhile, at Glyndebourne, the revival of Peter Sellars' *Theodora* makes a catatonic spectacle, *writes David Murray*. Handel composed it as an oratorio, not an opera, and for staging it presents the same awkward gaps and bulges as Berlioz's *Damnation de Faust*: no music for some vital parts of the action, and too much – in soulful mode – that advances the visible action not at all.

Peter Sellars must have spotted that at once when he undertook to direct the piece last year. Leaving us to learn the story from the programme-book, he has simply supplied a few illustrations: Valens, the vicious Roman "President", strutting like an American political heavy and getting drunk, saintly Theodora writhing and moaning in her cell, she and her Didymus being martyrised by lethal injections (a strong dose of David Cronenberg there).

Otherwise Sellars keeps his cast moving like sleepwalkers – the chorus in casual modern clothes, without distinction between Roman bigots and devout Christians; Valens' SAS squad in orange boiler-suits – and performing small, routined gestures with hands and arms. I am told that they strongly resemble Makaton, a "signing"-language used by the deaf. They are geared to the words, thus enabling fluent Makaton-signers (so long as they aren't deaf) to enjoy the sense twice over. When the choral voices go into canonic overlap, so do their gestures; that livens things up a bit.

Sellars' soloists fared variously under this régime. For dramatic personality and voice-colour, the mezzo Jean Rigby (new this year, like all the principals) would seem ideal for the charismatic Christian leader – but acting-by-numbered-gestures was plainly not her natural thing. She had beautiful moments nonetheless. Though Jonathan Best revelled in his dissolute-dictator act and sang Handel's divisions creditably, the role needs more bass weight than he owns.

As tragic Theodora, Joan Rodgers' lovely, infinitely practised soprano never seemed cramped. She is equal to anything, except shedding her air of invincible metropolitan chic – but we almost forgot that in her most eloquent passages. In the seemingly thankless role of Septimius, Didymus's anxious *confidant*, Paul Nilon sang with characteristic pith, style and fervour: if only his character had more to *do* in the action!

The Canadian countertenor Daniel Taylor made his British début as young Didymus, drawn into Christian conversion. Sellars let him be more somnambulistic than anybody, projecting everything through the voice alone. It is a remarkable voice, remarkably used. Pure and sweet, ascending easily to heights where "male soprano" seemed a better label than "male alto"; quite androgynous, and yet never un-manly.

In this "opera", it also floated free of any dramatic urgency – detached, introspective, unimpelled. That had everything to do with Daniel Beckwith's conducting of the Orchestra of the Age of Enlightenment. Every slowish number was given the full *molto adagio* treatment in 19th-century style, even when the orchestral figuration predicated something crisper, more up-tempo. Since the solo arias are all *da capo* numbers, the slow arias took up a grossly disproportionate time.

As a performance of the original oratorio, Beckwith's account was a devitalised travesty. As a performance of the notional "opera" that *Theodora* contains, it was far too heavily weighted toward individual expression, starved of communal piety. If you go, be prepared to admire what the principal singers can do, at inordinate length; you'll have to imagine the rest.

*Theodora* continues in the Glyndebourne repertoire until August 24.

Theatre/Alastair Macaulay

# Prescient wit and wisdom of Wilde

Oscar the prophet! Every time Peter Hall's production of Oscar Wilde's *An Ideal Husband* returns to the West End, it seems marvellously topical. This time around, the tale of the prospective cabinet minister who is haunted by having sold a state secret seems particularly close to some of this year's headlines.

But no matter. Even if the play bore no parallel to the lives of current or recent politicians, it would still be worth seeing. This is the fourth time in the 1990s I have seen it, the third time I have seen the Hall production, and each time it both makes me laugh and sends chills down my spine. An exquisitely hard play to perform – it invariably seems to elicit some of the most vulgar acting around, and this revival is no exception – it nonetheless is so well-built that it seems actor-proof. Beyond actors who think that the correct way to deliver Wilde's wit is by driving, like golfers from the tee, each individual line into the auditorium and waiting to see where it lands; beyond the atrocious funny walks and funny laughs of Dulcie Gray and Michael Denison as two old aristos; beyond even the repulsively ponderous smugness of Martin Shaw as Lord Goring, *An Ideal Husband* looms large and beautiful, a dizzying construction of heartbreak, wit, intrigue, absurdity, and dialectic about morals and ethics. Hall ensures that no point is missed. In some ways, such as the stillness with which several characters deliver important speeches, the production is finer than ever.

The story of *An Ideal Husband* concerns sleaze and blackmail, but also love and marriage. It takes the Ibsenism – the drama about how we cope with unbending idealism in our own homes – which had recently hit London in Wilde's day, and relocates it into the English political milieu of Trollope's *Palliser* novels. And it was prescient not only about sleaze but about its own author's fate. When Wilde has Goring say that we should love people for their faults, not their virtues, he seems to be discussing in advance the ostracism that he received only a few months after the play's dazzling premiere.

Goring also teaches Lady Chiltern a lesson strange for us to hear today, a pre-feminist lesson about the different roles of men and women in life; and there is nothing finer in Hall's production than the part-docile, part-ironic quiet with which she then repeats his lesson to her husband, only a minute later (her speech can sound like an ex-feminist suddenly converting to submissive little womanhood.) The idealist is prepared to compromise; the priestess becomes a novice.

At a deeper level yet, *An Ideal Husband* shows that most fascinating subject: a supreme wit showing the limitations and dangers of wit. This is what Shakespeare achieves in, for example, *Love's Labour's Lost*; what Congreve achieves in *The Double Dealer*; and Jane Austen in *Mansfield Park*. We see some witty, sophisticated people discomfited; and we see some serious, unwitty people win through. Wit is not enough; it must work with wisdom. The delicacy with which Wilde shows both wisdom and wit in Lord Goring is infinitely touching. He darts unpredictably from posiness and playfulness to vehemence and passion.

As the dangerous Mrs Cheveley, Kate O'Mara gives the rest of the cast a lesson in how to play a witty character: lightly does it. Her deep tan and her high-density maquillage are all wrong, but so what? What Anna Carteret, the original Mrs Cheveley of this production, achieved by good acting, O'Mara has simply by nature: *femme fatale* glamour, *fin-de-siècle* elegance. Much the same goes for Kim Thomson as Lady Chiltern: others have played this pure, cool, idealistic, demanding role with more authority and finesse, but she is simply right for it. As Sir Robert Chiltern, Simon Ward pulls the corners of his mouth down too often (his politician look) and stands around like a stuffed shirt, but his sudden outburst of pain to his wife comes with all the greater force. Victoria Hasted is still all wrong for his sister Mabel – a cheerful lower-middle-class adenoidal governess rather than a sunny, noble paragon of poised good manners – but she has grown in charm and, above all, stillness. One feels now the beating heart behind the bright surface.

Theatre Royal, Haymarket, SW1.

Alastair Muir
Martin Shaw and Kate O'Mara in 'An Ideal Husband'

# INTERNATIONAL ARTS GUIDE

## ■ BRECON

**JAZZ**
**Brecon Jazz**
Tel: 44-1874-625557
The best thing about this three-day event is its Welsh market town setting. On Friday the Benny Green Trio plays Christ College, on Saturday New Orleans trumpeter Nicholas Payton and his Gumbo Nouveau Quintet can be seen at the same venue. The Carnegie Hall Jazz Band, led by Jon Faddis, can be seen at the Market Hall on Sunday. Courtney Pine, Diana Krall, Django Bates and Jools Holland are among the numerous other attractions; Aug 8-10

## ■ EDINBURGH

**Edinburgh International Festival**
Tel: 44-131-473 2000
**DANCE**
● Fish: by the Bangarra Dance Theatre. UK debut for the Australian company and world premiere of a work which tells contemporary stories of Australia's indigenous population drawing on ancient myths and sacred dreamings; at the King's Theatre; Aug 12, 13
● Tharp! new works by Twyla Tharp: *Sweet Fields*, danced to Shaker hymns and other American choral music, *"66"*, and *Heroes*, with music by Philip Glass; at the Edinburgh Playhouse; Aug 11, 12, 13

**OPERA**
● Macbeth: by Giuseppe Verdi (original 1847 version) – concert performance given by the Chorus and Orchestra of the Royal Opera House, conducted by Edward Downes; at the Edinburgh Festival Theatre; Aug 12
● Platée: by Jean-Philippe Rameau. Directed and choreographed by Mark Morris, this production – sung in French, with English supertitles – stars tenor Jean-Paul Fouchécourt in the title role, with Diana Montague and François le Roux as Junon and Jupiter. With the Mark Morris Dance Group, Royal Opera Chorus and Orchestra of the Royal Opera House. Conducted by Nicholas McGegan; Aug 11, 13

**EXHIBITIONS**
**National Gallery of Scotland**
Tel: 44-131-624 6200
The Portrait of a Lady: Sargent and Lady Agnew. "Lady Agnew of Lochnaw" by John Singer Sargent (1856-1925) is the centrepiece of this exhibition which includes more than 20 portraits by Sargent himself – including Ellen Terry and Ethel Smyth – as well as works by his contemporaries and memorabilia from his studio; Aug 8 to Oct 19

## ■ LONDON

**CONCERTS**
**BBC Proms, Royal Albert Hall**
Tel: 44-171-589 8212
● Evgeny Kissen: the Russian pianist gives a solo recital – a Proms innovation – of works by Haydn, Liszt and Chopin; Aug 10
● Georgian Folk Songs: performed by the all-male Rustavi Choir, conducted by Ansor Erkomaishvili; Aug 8
● Jiří Bělohlávek conducts the BBC Symphony Orchestra in works by Bartók, Luciano Berio, Schubert and Dvořák. With mezzo-soprano Michelle DeYoung; Aug 8
● John Eliot Gardiner conducts Beethoven's Symphony No. 9 in D minor, performed by the Orchestre Révolutionnaire et Romantique and the Monteverdi Choir. Prefaced by choral music by Schubert, with soloists including Bryn Terfel; Aug 10
● Sir Colin Davis conducts the National Youth Orchestra of Great Britain in works by Sir Michael Tippett, Vaughan Williams and Sibelius; Aug 9

## ■ PESARO

**Rossini Opera Festival**
Tel: 39-721-33184
**CONCERTS**
● Latvian Philharmonic Chamber Orchestra: in works by Mozart, Rossini and Caikovskij; with piano soloist Massimo Lambertini; Aug 8
● Rossini's Petite Messe Solennelle: performed by soprano Carmela Remigio, contralto Mariana Pentcheva, tenor Juan Diego Florez and bass Michele Pertusi. With pianists Arnold Bosman and Rosetta Cucchi, and Federica Iannella on harmonium; at the Teatro Rossini; Aug 11

**OPERA**
● Il Signor Bruschino: directed by Roberto de Simone. With the Ort-Orchestra of Tuscany conducted by Corrado Rovaris; at the Auditorium Pedrotti; Aug 10
● Moïse et Pharaon: presented in the version he adapted for the Paris Opera in 1827, Rossini's opera - created as Moses in Egypt in 1818 - is staged by Graham Vick. With the Orchestra of the Teatro Comunale di Bologna, conducted by Vladimir Jurowski; at the Palafestival; Aug 9, 13

## ■ SALZBURG

**Salzburg Festival**
Tel: 43-662-844501
**OPERA**
● Boris Godunov: by Mossorgski. Conducted by Valerie Gergiev in a staging by Herbert Wernicke. Samuel Ramey sings the title role. Cast also includes Philip Langridge. With the Vienna Philharmonic, the Konzertvereinigung Wiener Staatsopernchor and the Slowakischer Philharmonischer Chor Bratislava; at the Grosses Festspielhaus; Aug 9, 12
● Die Zauberflöte: by Mozart. Christoph von Dohnányi conducts a new production by Achim Freyer. With the Vienna Philharmonic and the Konzertvereinigung Wiener Staatsopernchor; at the Felsenreitscule; Aug 8, 10, 13
● Lucio Silla: by Mozart. Conducted by Sylvain Cambreling and directed by Peter Mussbach with designs by Robert Longo. Cast includes David Kuebler and Susan Graham. With the Camerata Academica Salzburg and the Konzertvereinigung Wiener Staatsopernchor; at the Kleines Festspielhaus; Aug 9, 12

## ■ SANTA FE

**OPERA**
**Santa Fe Opera**
Tel: 1-505-986 5900
● Ashoka's Dream: world premiere of Peter Lieberson's opera, with a libretto by Douglas Penick. Conducted by Richard Bradshaw, in a production directed by Stephen Wadsworth; Aug 8
● Cosi Fan Tutte: Kenneth Montgomery conducts Mozart's opera, sung in English, in a new production directed by Nicolette Molnar and designed by Bruno Schwengl; Aug 11
● La Traviata: Linda Brovsky directs this new production of Verdi's opera, set in the Parisian demimonde. Christopher Larkin conducts; Aug 9, 12

## ■ SCHLESWIG-HOLSTEIN

**CONCERTS**
**Music Festival**
Tel: 49-431-567080
● Alfred Brendel: performs works by Busoni, Liszt, Schumann and Haydn; at the Deutsches Haus, Flensburg; Aug 13
● Oslo Philharmonic: conducted by Mariss Jansons in works by Nordheim, Bartók and Dvorák; at the Musikhalle, Hamburg; Aug 11
● Oslo Philharmonic: conducted by Mariss Jansons in works by Beethoven and Bruckner; at the Schloss, Kiel; Aug 12

## ■ TANGLEWOOD

**CONCERTS**
**Tanglewood Festival**
Tel: 1-617-931 2000
● Boston Symphony Orchestra: conducted by Seiji Ozawa and Lukas Foss in works by Bach, Foss and Bizet. With flautist James Galway and violin soloist Tamara Smirnova; the Shed; Aug 8
● Boston Symphony Orchestra: conducted by Charles Dutoit in works by Berlioz, Rachmaninoff and Bartók; the Shed; Aug 9
● Boston Symphony Orchestra: conducted by Charles Dutoit in works by Ravel, Rouse and Haydn. With cellist Yo-Yo Ma; the Shed; Aug 10

## ■ ZURICH

**EXHIBITIONS**
**Kunsthaus Zürich**
Tel: 41-1-262-0909
Birth of the Cool: wide-ranging survey of American art in the latter half of this century. Among the artists represented are Georgia O'Keefe, Jackson Pollock and Andy Warhol; to Sep 7

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*Financial Times Business Tonight*

**CNBC:**

08.30
*Squawk Box*

10.00
*European Money Wheel*

18.00
*Financial Times Business Tonight*

# UK monopoly game

## Stefan Wagstyl on competition policy reform

The UK government's plans for competition policy published yesterday signal the biggest change in more than 20 years in the laws governing the rigging of markets and other anti-competitive practices.

Britain's new Labour government intends to introduce a tough regime in which companies that abuse their market power will risk hefty fines. Its targets are executives who set up cartels or try to drive out competitors by predatory pricing, bullying distributors or other unfair tactics.

Consumers have welcomed the plans. But some industrialists are concerned that old interventionist policies may be being dressed up in consumerist guise.

Most of the proposed changes are aimed at tightening the rules on anti-competitive practices, not those on mergers & acquisitions. But since since both sets of regulations are supervised by the same authorities – the Office of Fair Trading and the MMC – work on one side of the fence is bound to influence the other.

The bill's main aim is to scrap the system for controlling anti-competitive practices, in which the OFT investigates alleged abuses and then orders companies to stop if it finds fault. It has been extensively criticised for being too slow and failing to deliver justice.

Labour's plan is to define in law anti-competitive agreements and abuses of market power. Companies that break the rules will be ordered to desist. Serious offenders will face fines, plus the possibility of civil suits from their victims, including consumers as well as injured rivals. Alleged offenders will have the right to appeal to a streamlined MMC which will be called the Competition Commission.

Yesterday's announcements come at a time when British competition policy was already in considerable turmoil after May's general election. Mrs Margaret Beckett, trade and industry secretary, has already ruffled a few feathers in her first three months in office. Her aim seems to be to give greater priority to consumers' interests. "Effective and fair competition is essential to ensure value and choice for customers," he says in the first line of her statement on yesterday's draft bill.

Some of her early competition policy decisions seem to confirm the view that she wants the consumer to be king. She blocked Bass's proposed bid for rival brewer Carlsberg-Tetley and wants to ban retail price-setting by electrical goods manufacturers.

Mrs Beckett also seems to have taken a tougher line than the Tories with the privatised industries. Last week she referred to the MMC PacifiCorp's planned £3.65bn ($5.9bn) takeover of Energy Group, the electricity and coal company, even though her predecessors had waved through seven similar deals.

Consumer groups are mostly very pleased with Mrs Beckett. The Consumers Association says: "She is taking a consumer-oriented approach after a long time in which consumers had to take a back seat."

But the City and parts of industry are much less happy. As one company chief executive puts it: "There is a suspicion that Labour wants to slow down the whole mergers and acquisition game."

The head of corporate finance at one leading merchant bank says Mrs Beckett's rulings have "spread confusion" across Britain's boardrooms. He says companies are being forced to change strategy. Groups that had planned to grow by acquiring UK rivals were now having to switch and look at expanding overseas.

Utilities companies accept the new government has every right to examine the regulatory regime established by its predecessors. But they say Mrs Beckett should do this as part of the regulatory review she is carrying out separately. "She's using the blunt instrument of the MMC to look at non-competitive issues," says Mr John Devaney, chief executive of Energy Group's UK electricity business. "It seems arbitrary."

Others claim to detect signs of Labour's traditional hostility to privatisation in Mrs Becektt's rulings. An executive at a privatised transport company says: "There's some concern this is old Labour rearing its head."

The executive points out that Mrs Beckett's decision to refer to the MMC National Express, the coach company's, bid for two railway franchises was taken against the advice of the Office of Fair Trading – the first time the OFT has been overruled like this in seven years.

"It looks as if her approach is going to have a bigger political dimension than the Tories," the executive says.

But some competition policy experts say such comments smack of overreaction. Mr Simon Holmes, a competition lawyer at SJ Berwin, the City solicitor, says: "I would characterise her policy as robust. She shows a strong desire to scrutinise newly privatised industries very carefully. As competition lawyers we can live with that."

The initial effect of yesterday's announcements will be to increase the uncertainty. The new bill, to be introduced into parliament in the autumn, is not expected to become law before next summer. Companies will be given a further 12 months to put themselves in order before the new regime takes effect in mid-1999. It will be at least two years before the impact of the reform becomes clear.



# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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## Hedging not answer to currency volatility

*From Mr John Rennocks.*

Sir, British Steel can and does hedge its currency exposure. This gives it some degree of shelter for its exports from changes in exchange rates. What it cannot do is perpetually to hedge its competitive exposure as a manufacturer with a largely UK cost base selling into markets where prices are substantially influenced by the D-Mark exchange rate.

Ms Debold (Letters, August 5) has over-simplified the effects of currency volatility. There are three effects of the D-Mark exchange rate on British Steel. First, a weak D-Mark directly reduces export revenues, particularly as most other mainland European currencies are aligned with the D-Mark in anticipation of Emu. This exposure can be, and is, hedged although any such hedge is effective for only a defined time; there is no such thing as a perpetual hedge. Second, a weak D-Mark offers mainland EU steel producers the opportunity to discount prices in British Steel's domestic market. Third, and perhaps most importantly, it exposes British Steel's UK customers to similar pressures from their mainland EU competitors. Financial hedges of the type commended by Ms Debold can have only a very limited impact on such exposures, in particular British Steel cannot realistically hedge its customers' currency exposures.

British Steel fully supports the chancellor's objectives of reducing inflation and eradicating the "boom and bust" which has been a feature of the UK economy. What concerns us is the speed of the appreciation of sterling and its highly overvalued level against the D-Mark. This risks outstripping the ability of UK manufacturing industry to improve its competitiveness. We are also concerned with the use of interest rates as the only instrument against inflation, rather than a more direct brake on the inflation caused by the consumer and service sectors.

Ultimately, shareholder value is best delivered by maintaining the lowest possible cost base while delivering quality and service to our customers. However, it is extremely difficult to make realistic long term business plans against the background of the currency volatility which we have seen in the past year. Hedging is an important part of any exporter's business activity, but can only defer the impact of violent currency swings. What all exporters need is a stable exchange rate environment founded on a sensibly valued pound, not a wildly overvalued one.

**John Rennocks,**
**executive director, finance,**
**British Steel,**
**9 Albert Embankment,**
**London SE1 7SN,**
**UK**

## How to break the attribution code

*From Mr Paul Mathieu.*

Sir, You devoted a significant portion of your UK news page to a story, "PM is accused over Patten 'slurs'" (August 5), that is rendered meaningless by its failure to attribute views or actions.

Of its 11 paragraphs, five begin: "Government officials rejected", "Officials said", "On Sunday, officials suggested", "Senior aides denied", "Downing street officials said".

Surely the crux of this story is, who spread the story that the former governor of Hong Kong was being investigated? If the source was identified as a bamboo-loving old China hand at the Foreign Office, your readers would no doubt yawn. If the rabbit pulled from your chief political correspondent's hat was Labour minister without portfolio, Mr Peter Mandelson, or some Millbank apparatchik, that would be news.

Perhaps I dreamed it, but I thought that we were promised open government. It's a disappointment both that the FT is fettered by the rusty old chains of the lobby, and that New Labour uses the stale convention of "aides" and "officials" to facilitate post facto denials.

For readers unable to make the distinction between an aide, an official, and the rest, perhaps your excellent sub-editors could develop a simple code to suffix each such reference.

They might call it the Open Government League Rating (OGLER). Each attribution to an official would be followed by a bracketed number. "Source (10)" would be understood by every reader to be the prime minister, or Mr Mandelson. "Aide (9)" would be senior cabinet ministers. "Official (7)" would, for the present at least, be Lord Simon. A zero rating would be a Doncaster Council press officer. Over time, FT readers would develop a sensitivity akin to the Kremlinologists of old.

**Paul Mathieu,**
**10 Marlborough Road,**
**London W5 5NY, UK**

## Political cycles look out of sync

*From Mr Andrew Hyde.*

Sir, I could not help but note the irony. Only a day after the UK government unveiled plans for a new mayor for its capital city ("Elected mayor planned for London", July 30), the US government agreed on a plan to strip the mayor of its capital city of most of his substantive powers.

At least on local government, the US and the UK are obviously now in opposite political cycles. Perhaps, in a few years Washington will have something to learn from London!

**Andrew Hyde,**
**6213 Redwing Road,**
**Bethesda,**
**Maryland 20817, US**

## An absurd notion

*From Mr Peter Verstage.*

Sir, Whenever we find a small supplier who is struggling with his cash flow, we settle his invoices in seven days in return for either a discount or preferential service.

It is absurd to think that a big customer with access to cheap money can consistently benefit by forcibly borrowing interest free from a small supplier. The higher prices and poorer service are not always apparent to the finance director, that is all.

If anyone doubts this, let him try a simple experiment and try delaying payment to his plumber the next two times he has a dripping tap fixed, and then try calling him in the middle of the night with a burst pipe.

**Peter Verstage,**
**managing director,**
**Mekvale Envelopes,**
**Grange Mills,**
**Weir Road,**
**London SW12 0NE,**
**UK**

Personal View • **David Mackie**

# Beyond independence

### The US Fed would be a better model for Europe than the Bundesbank

The European Central Bank (ECB) will arguably be the most powerful central bank in the world. It will set interest rates for an economy roughly the size of the US, but it will have even greater independence than the Federal Reserve. Like the US Fed and the German Bundesbank, the ECB will have the freedom to define its own monetary target and the independence to set interest rates to meet this objective. In addition, the ECB will be insulated from political influence in three ways.

It will have no obligation to publish any meaningful account of its deliberations or justification of its actions. It will have little real accountability, either to elected European governments – via the council of ministers – or to the European Parliament. And its mandate will be enshrined in primary European constitutional legislation (the Maastricht treaty) – and hence almost impossible to challenge, or change.

When this powerful constitution is combined with the hawkish culture in European central banking circles, it is evident that the ECB will take a very tough line against inflation, regardless of what European politicians might want.

Central banks' constitutions should seek to ensure independence, openness and accountability. In practice, the ECB's constitution emphasises independence at the expense of the other two. In this respect, its design reflects the views of most of those who advocate a powerful central bank.

Yet it is clear that all three characteristics – independence, openness and accountability – influence how a central bank behaves. This can be seen by comparing the two institutions that are usually lauded as examples of good central-banking practice: the US Fed and the German Bundesbank.

Both are independent in terms of setting and pursuing their monetary objectives. Yet, in terms of openness and accountability, these two central banks are at opposite ends of the spectrum.

The US system is transparent. The minutes of the monetary meetings are published fairly quickly; ultimately, so is all the relevant information used in the policy-making process (in the so-called Green Book). And the Fed is accountable to Congress, through the highly visible Humphrey-Hawkins testimony, and through Congressional oversight of the Fed's budget and regulatory activities.

In contrast, the German system puts almost no emphasis at all on openness and accountability. The central bank publishes little information which really explains its actions, and it is not directly accountable either to the German government or to the German parliament.

The differences between the monetary frameworks in the US and Germany clearly reflect history. The German monetary framework is imbued with the memory of two hyperinflations this century and with the political subordination of the Reichsbank – the predecessor of the Bundesbank – during the 1930s.

Given this, it is perhaps understandable why the German central bank is insulated so much from the influence of politicians and why, in the German model, openness and accountability are seen as threats to central-bank independence. It is only possible to insulate the central bank in this way because the Bundesbank retains enormous public prestige.

**The Bundesbank model has worked well in Germany. It is far from clear that this model is appropriate for a broader group of countries**

In contrast, the US system reflects a society which puts a strong emphasis on checks and balances at all levels of government, and which demands that the public has a right to be informed about government decisions. An open central bank fits comfortably into its broader political framework.

In addition, the memory of the 1930s depression legitimises the political accountability of the Fed. In the US it is clearly recognised that monetary policy can be too tight, as well as too loose. Indeed, the joint tasks of price stability and full employment are given to the central bank in the Federal Reserve Act. This helps explain why, Fed chairman Mr Alan Greenspan recently felt the need publicly to defend the decision to raise interest rates against critics who thought the Fed was holding back economic growth.

How does the ECB measure up? Its constitutional structure reflects the history of European monetary union. The blueprint for Emu was drawn up by a committee of central bankers, who were inclined to stress independence and downplay the role of openness and accountability. And given the dominant role of the Bundesbank in the Emu, it is not surprising that the Delors Report suggested a Bundesbank-like constitution for the ECB. It should also be recognised that the Maastricht treaty was signed in the aftermath of German reunification and the collapse of communism. To the extent that some countries, for example France, may have had reservations about the power of the ECB, these concerns were ignored due to the overriding political requirement to lock a united Germany into the EU.

As a result, the ECB's constitution is based closely on the German model. It is independent. But it is neither open nor accountable. The Maastricht treaty expressly forbids the publication of the minutes of the meetings of the ECB's Governing Council, preventing the ECB from following the more open policies practiced in the US. The architects of the ECB, following the earlier architects of the Bundesbank, took the view that when it comes to central bank independence, more is unambiguously better.

This extremely powerful institution will be inhabited by a hawkish group of central bankers. Across Europe, central bankers are of one mind when it comes to their role. They view monetary policy as a matter of ensuring stable monetary growth in the medium term which will result in low inflation.

In something of a contrast with the US Fed, most European central bankers play down the role of monetary policy in managing the business cycle. The combination of a powerful central bank and a hawkish culture among central bankers is often ignored in discussions about whether the euro will be a strong or weak currency. It seems likely that the central bankers of the ECB will not only want to achieve low inflation. They will be able to as well.

But the particular structure of the ECB's constitution may raise tensions in the medium term. Emu's monetary constitution may ultimately be viewed as unnecessarily secretive and insensitive to legitimate demands that institutions should be accountable.

The Bundesbank model has worked well in Germany because of German history and the enormous popular respect that the central bank commands. It is far from clear that this model is appropriate for a broader group of countries that do not share these particular historical concerns.

In some senses, greater transparency and accountability do act as a constraint on independence. But at the same time, greater transparency and accountability would significantly increase the legitimacy of the new European Central Bank. And in the long run, it is the legitimacy of the new central bank which will ultimately determine the success or failure of the Emu project.

*The author is an economist at J.P. Morgan in London*

COMMENT & ANALYSIS

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# India makes haste slowly

The Indian government's decision to drop the bill paving the way for liberalisation of its insurance market is a blow for the international industry, and for wider hopes of opening the financial sector to competition. It is a setback for those seeking a global deal on liberalising financial services through the World Trade Organisation. It is also a stark demonstration of the political weakness of the coalition government in Delhi.

The Indian insurance industry has been a state monopoly since 1973, when Mrs Indira Gandhi nationalised the non-life sector. Life insurance has been state-controlled since the 1950s. It is inefficient, unimaginative and expensive. Claims are hamstrung with red tape and processed at snail's pace. The industry has also failed to stimulate the level of domestic savings needed to finance the huge infrastructure investments required for faster economic growth. It is in urgent need of liberalisation.

Yet even the very modest first step in that direction proposed by Mr P. Chidambaram, the finance minister, has been halted. He is calling for the private sector, including joint ventures with foreign partners, to be allowed to offer health insurance and, to a limited extent, pensions. The move was blocked by an unholy alliance of the Communists and the Hindu nationalist Bharatiya Janata party. Members of the Congress party, who had promised to support the bill, did not bother to show up to vote.

India's state insurance companies are dominated by public sector trade unions, who have already called one strike to protest against any hint of privatisation. That is why the left opposes the move. The BJP, although a strong supporter of the Indian private sector, is also protectionist, and opposed to foreign investment.

Yet it is clearly in India's interests to open up the insurance market, not least in order to mobilise more savings. The state companies have failed to do that, as they have failed to respond to the changing demands of the emerging Indian urban and rural middle classes.

Those arguments clearly do not count strongly enough to produce a majority in parliament. The government is divided, and both Congress and the BJP have started manoeuvering for another round of elections expected in the not-too-distant future. Protecting even inefficient Indian industry is still seen as more likely to win votes than promoting urgently-needed liberalisation.

Economic reform in India is moving in the right direction, but progress is painfully slow. The insurers knocking at the door will have to be patient.

# UPS on strike

It is tempting to see the dispute between United Parcel Service and workers represented by the International Brotherhood of Teamsters as the beginnings of an inevitable clash between the forces of the new US economy and old organised labour. But even with unemployment at its lowest level since 1973, it remains difficult to find other indications of workers wielding real market power.

Although UPS profits have been buoyant, workers have been denied full-time employment, according to Teamsters, and part-timers, accounting for 60 per cent of the workforce, are paid as little as half of the full time wage. The union has certainly tapped a rich vein. The picture of part-timers denied their slice of the American dream has great resonance with disaffected blue collar workers across the US. Wage inequality having risen markedly over the last 20 years and real wages having declined for those at the bottom, charges of corporate greed strike a powerful note.

UPS responds that the growth of part-time employment reflects the need for large numbers of people to work relatively short shifts, in accordance with its express delivery schedules. In the face of strong competition, flexibility is essential, and the union itself agreed to the two-tier pay system in an earlier contract. Many UPS employees, who receive far greater benefits than part-timers in most other companies, do not want full time jobs.

Moreover, UPS says the most important battle is over its proposal to opt out of a multi-employer pension fund controlled by the Teamsters, in favour of a jointly administered company fund. This would make better provision for UPS employees, by removing the subsidy paid by UPS workers for their brothers in other firms. Mr Ronald Carey, who faces re-election as the Teamsters president and is caught up in a funding scandal, needs a war – and better still a victory.

Whatever the causes of the UPS dispute,the circumstances still for the moment appear exceptional. Strike activity in the US economy remains at a 30-year low, and the unionised workforce stands at half its level of the 1960s. Although consumer optimism is high, workers remain remarkably insecure. The numbers leaving their jobs voluntarily has risen very little since the start of the recovery. Fear of being laid off has increased since 1991, and despife unemployment at historically low levels, wage pressure remains subdued.

As long as the sense of job insecurity remains so widespread, it is hard to see a turning tide in the balance of industrial power.

# Algeria's trauma

It is shocking that the army-backed Algerian government feels under no obligation to explain to the world, let alone to its own citizens, how and why dozens of villagers are being slaughtered almost daily only an hour's drive from Algiers. It is equally shocking that western governments appear content to be kept in the dark.

In one of the worst waves of killings in Algeria since the outbreak of the conflict in 1992, at least 700 civilians have died in the past two months in brutal massacres. The government has kept silent, allowing the news to filter through sometimes dubious reporting in local newspapers, which blame all killings on Islamist extremists.

But a recent massacre reported to have been carried out within 50 metres of army barracks has raised questions about the government's determination to bring an end to the violence. There are also suggestions that Islamist extremists' attacks on villages are mixed with acts of banditry, feuds among extremists and reprisals by civilian self-defence militias.

A main pillar of the government's fight against opposition militants has been to arm civilians in rural areas while the army carries out operations against Islamist groups in nearby mountain hideouts. This has exacerbated the violence and left civilians, caught between the pressure of militias and that of armed groups, as the main targets of attacks.

The Algerian government insists the violence can be brought under control, now that it no longer threatens to topple the regime. The west has gone along. In spite of a critical report by international observers on the June 5 legislative elections, the European Union found the poll to be satisfactory.

But the recent wave of killings is proof that the elections have not curbed the violence, and that the government crackdown is ineffective. Algeria is in the process of negotiating an association agreement with the European Union. The EU should demand independent investigations into the massacres, and question the role of civilian militias and the attitude of the army.

The only encouraging recent development has been President Liamine Zeroual's July decision to release two leaders of the Islamic Salvation Front (FIS), the party which was about to win the elections cancelled in 1992. But he has hinted that the release will not lead to negotiations, and has long insisted that the FIS is incapable of curbing the extremists. The EU should press Mr Zeroual not to close the door on negotiations and involve the FIS leaders in a search for an end to the killings.

# A Korea change

## The crisis hitting big business is also an opportunity for fundamental reform, argues **John Burton**

A quiet revolution is under way in South Korea. It is coming about in response to the past dreadful year for Korean business. Three of the top 30 *chaebol* (conglomerates) have collapsed. The Kia car group, the largest of the 30 to run into trouble so far, is teetering on the edge and others are expected to follow. The result, paradoxically, could shift power away from government to business.

For the problems are more than just corporate: they are related to the way in which Korea is run. For decades, the government encouraged the *chaebol* to expand in order to fulfil its ambition of making Korea a great industrial power. At the same time, the family founders exercised enormous sway over the companies, paying scant attention to shareholders. They built up huge *chaebol* on a foundation of debt, financing excessive production capacity and reckless expansion into new businesses.

This worked well enough as long as Korea maintained extraordinarily high growth rates – of 8 per cent or more. The firms could easily service their bank loans out of fast-growing sales. But the economy is now slowing down. This year, estimated growth in gross domestic product will be about 6 per cent. That may sound wonderful to westerners, but it spells trouble for Korea's *chaebol* whose survival is geared to much higher rates of expansion.

With their sales growth slowing, the *chaebol* have had to go to the banks for their capital needs. But the banks are themselves affected by the economic slowdown which has increased the burden of non-performing loans. A tougher attitude by ailing banks on lending to troubled corporate clients has added to industry's problems.

The result is that Korea could face a prolonged slump, as in Japan. If that happens, business investment would be curbed as industry restructures and banks adopt more prudent lending policies. Consumer confidence would be dented as job cuts rise. There are fears that asset prices may fall dramatically as struggling *chaebol* are forced to sell their property, businesses and equity holdings.

But the current troubles contain a ray of hope. They are forcing Korea finally to get to grips with fundamental economic weaknesses. Because of its involvement in the expansion of *chaebols*, the government will be deeply affected by the crisis, which will force changes in the way the economy is managed. Heavy state regulation and official meddling in lending decisions is likely to be eased. Capital allocation will become less distorted as financial markets are opened to foreign investors. Industry will undergo a painful, but necessary, rationalisation.

"We had not been fully prepared for the changes we are experiencing for the first time in our economic development," says Mr Kang Kyong-shik, the finance minister. "We mistakenly see the opportunity for change as a crisis."

Kia, the nation's eighth largest *conglomerate, exemplifies* the problems confronting the country. "Kia has a solid business in its car division, but it has been bled white by its expansion into unprofitable ventures, such as steel and construction," says Mr Henry Morris, a managing director at Coryo International (H.K.), a Korean investment group. "The same is true for most Korean *chaebol*, which have sacrificed good core industries for reckless diversification."

This reflects Korea's corporate culture, which emphasises company size and market share rather than profits. The *chaebol* compete intensely to create self-sufficient industrial fiefdoms producing everything from computer chips to container ships.

Corporate expansion has been encouraged by the government as it sought to build an east-Asian powerhouse to rival Japan. Kia and other carmakers, for example, received soft loans to build factories as part of a state-sponsored effort to create the world's fifth-largest car industry.

Korea has achieved that goal, and is now producing nearly 4m vehicles a year. But the cost has been painful. "Kia's troubles are the result of what many observers have warned for years," says Mr Andrew Card, head of the American Automobile Manufacturers Association. "Korea's large expansion in a glutted global market carries risk for the Korean car automotive industry."

Earnings for carmakers were squeezed as sales stagnated in a saturated domestic market, forcing them to offer 30-month interest-free loans to reduce inventory. Although exports have climbed, they are barely profitable.

The story is the same for many of Korea's biggest industries, including semiconductors, steel, petrochemicals and ships. A boom in industrial investment in 1994-95 has left the country with excess capacity and the *chaebol* with huge debts.

The average debt burden for the top 30 conglomerates is more than four times equity. In Kia's case, its debts of \$10.7bn (£6.5bn) are more than five times equity. Half of these debts are borne by its ailing commercial vehicle, steel and construction units, which pulled the group into a net loss of about \$140m last year.

Servicing those debts has become more difficult in the past year. Domestic sales have been sluggish and increased competition has driven down world prices in almost all export industries. Korean chipmakers, for example, suffered a 90 per cent fall in earnings last year because of a glutted global market caused by their own rapid expansion.

Moreover, the *chaebol* can no longer depend on easy access to new loans from the banks and other financial institutions to roll over their debts. The banks traditionally have been under government pressure to lend to industrial projects, many of questionable economic value. This has left the six main banks with more than Won20,000bn in bad loans that account for 14 per cent of their total lending, according to a recent estimate by a presidential commission on financial reform.

Struggling for survival, the banks finally declared they had enough of state guidance on lending policy. An important test came earlier this year when the Hanbo steel group demanded new loans. With the government of President Kim Young-sam weakened by political turmoil and corruption scandals, banks refused more money to the state-favoured company.

"We had it up to here with lending to Hanbo," says a senior official at Korea First Bank, Hanbo's biggest creditor. "We told the government if they had confidence in the steel company, then it should use public money to support it." Hanbo collapsed in the first of a string of bankruptcies.

With their commercial-bank lending becoming restricted, companies sought to raise short-term capital from other financial institutions to service their debts. But they have had problems here too. Short-term lending institutions have been quick to call in loans because they are not backed by collateral, unlike those made by commercial banks. This proved fatal for the Jinro liquor group, another of the *chaebol* to go bust.

The tougher lending policy is supported by economic reformers in the government, including Mr Kang, who became finance minister after the Hanbo collapse.

"What has happened would have been unimaginable just a year ago," says Mr Richard Wallace, head of equities at Dresdner Kleinwort Benson in Seoul. "The access of the *chaebol* to financing is becoming difficult as the government breaks the close link between the banks and the *chaebol*. It shows the government is concerned about corporate gearing and economic efficiency."

Nonetheless, the new policy has put the banks and government in a quandary. Allowing companies to collapse will increase the bad-debt burden on banks, threatening their international credit ratings. The value of their collateral, mostly property, may fall as the *chaebol* rush to sell land to raise capital.

Commercial property prices have declined 10-30 per cent in the past two to three years and should drop another 30-40 per cent this and next, estimates Dongbang Peregrine Securities in Seoul.

This has increased pressure on the government to intervene to rescue several heavily exposed big banks. The government and banks recently gave threatened companies such as Kia a temporary reprieve, freezing debt payments for two to three months in the hope that the economy would recover and help improve their fortunes. This appears to be merely a doubtful stop-gap measure.

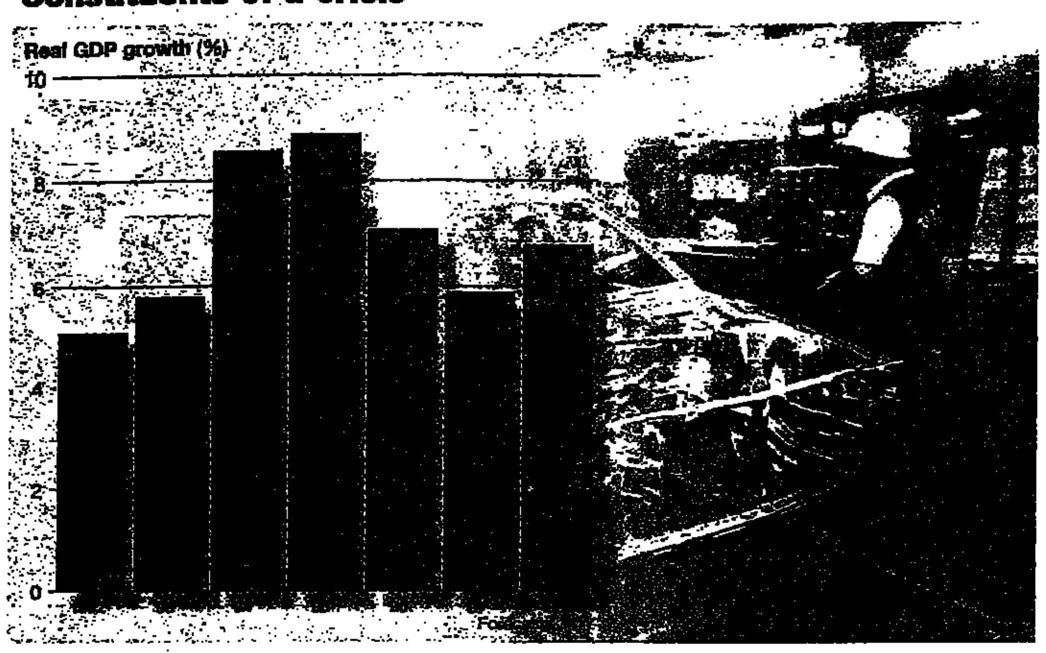
But the government has so far resisted the widespread calls to bail out Kia and the other troubled *chaebol* with state subsidies as has been done in the past. "People's way of thinking and the system of management must be changed," says Mr Kang. "In doing so, the process should entail pain and require endurance to break established frameworks."

More pain is likely since the economy looks set to stay sluggish while the country tries to restructure the corporate and banking sectors. But the outlook is not entirely bleak.

Korea could avoid asset devaluation by creating one or more "bad banks" to manage the gradual disposal of property and industrial assets as has been done in the US, Japan and Sweden. Opening the closed bond market to foreign investors would provide a new source of capital for Korea's healthy companies, while improving financial discipline for the rest.

As the economy slows and business problems mount, such reforms are becoming urgent. They help underscore the finance minister's message. "Changes and restructuring are not a matter of choice, but a matter of survival."

**Constituents of a crisis**




| Won bn | Total assets | Debt | Sales | Net profits | Debt ratio* |
|---|---|---|---|---|---|
| Samsung | 50,858.4 | 37,043.6 | 60,114.4 | 179.5 | 268.2 |
| Hyundai | 53,183.7 | 43,319.3 | 68,009.2 | 176.4 | 439.1 |
| Daewoo | 34,205.6 | 26,383.2 | 38,247.2 | 356.1 | 337.3 |
| LG | 37,068.4 | 28,765.6 | 46,674.4 | 360.2 | 346.5 |
| Hanjin | 13,904.5 | 11,787.7 | 8,704.4 | -191.3 | 556.9 |
| Kia | 14,161.9 | 11,890.9 | 12,098.1 | -129.4 | 523.6 |
| Ssangyong | 15,807.2 | 12,701.4 | 19,446.8 | -98.2 | 409.0 |
| Sunkyong | 22,726.6 | 18,040.3 | 26,610.5 | 292.3 | 385.0 |
| Hanwha | 10,987.7 | 9,718.8 | 9,686.9 | -184.9 | 778.2 |
| Daelim | 5,793.3 | 4,586.5 | 4,832.1 | 12.5 | 380.1 |
| Kumho | 7,398.0 | 6,117.9 | 4,444.0 | -16.4 | 477.9 |
| Doosan | 6,402.0 | 5,594.0 | 4,046.2 | -108.0 | 692.3 |
| Halla | 6,626.5 | 6,320.8 | 5,294.1 | 22.9 | 2,067.6 |
| Sammi | 2,515.4 | 2,593.3 | 1,492.3 | -252.0 | 3,329.0 |
| Hyosung | 4,124.4 | 3,252.8 | 5,477.8 | 35.0 | 373.2 |
| Hanil | 2,628.1 | 2,231.8 | 1,301.1 | -119.8 | 563.2 |
| DongAh Const. | 6,287.9 | 4,905.8 | 3,885.7 | 36.7. | 355.0 |
| Kohap | 3,653.6 | 3,123.6 | 2,521.8 | 30.3 | 589.4 |
| Jinro | 3,940.5 | 3,895.2 | 1,482.6 | -156.5 | 8,598.7 |
| Dongkuk Steel | 3,697.5 | 2,536.4 | 3,074.9 | 91.6 | 218.4 |

* debt as a % of equity

Sources: Datastream/ICV; Office of Bank Supervision

# · OBSERVER ·

## Sunny side down under

■ Australia's international image has been a bit overcast recently. First came right-wing MP Pauline Hanson, who's been broadcasting her strident views on immigration around the globe; then last month's leaked foreign ministry briefing document – offering less-than-flattering opinions of the country's smaller neighbours.

Now prime minister John Howard is trying to repair the damage. He's set up an "Images of Australia" taskforce – a group of heavyweight diplomats who will be trying to counter any impression that the country is populated by plain-speaking xenophobes. But they won't be pushing the sea-and-sunshine image usually presented to tourists; officials say the taskforce will "present Australia as a sophisticated, technologically advanced and culturally diverse nation".

There's a special charm offensive lined up for Asia amid fears that inward investment could start to suffer unless something is done. There's already been sharp fall in the number of Asian students enrolling at Aussie seats of learning since Hanson – a former fish and chip shop owner – arrived on the political scene last year. With the government now turning up the heat, she could be in for a battering.

## Mass movement

■ So who's responsible for organising the Pope's visit to France later this month? First the Catholic Church chooses August 24 to hold a mass to celebrate the papal visit; that just happens to be Saint Bartholomew's Day, or the anniversary of the 1572 massacre of French protestants.

Now the Vatican has authorised an intriguing choice of professionals to co-ordinate the gathering, which is expected to attract up to 800,000 worshippers. Their previous assignments include organising the bicentenary celebrations of the French Republic - not a good day for the Church of Rome - and several Gay Pride rallies. Talk about catholic tastes.

## Body double

■ Marion Barry may have been stripped of most of his powers – but Washington's controversial mayor will continue to run the public libraries, the recreation department and the tourism office. To protect him in these labours, he's keeping his full team of 31 bodyguards – the most of any US mayor.

When the city council tried to trim this phalanx back in April, Barry strongly resisted. Although it costs the near-bankrupt city \$1.2m a year, aides said the mayor receives "stacks" of threatening letters. So in a city where diplomats and politicians travel alone – or with an aide or two for company – Barry maintains his entourage.

The threats now are being made against the tough new regime put in place by Congress to improve the city's management. Most Washington residents reckon the city should keep its old "home rule" powers and black activists have warned of civil unrest.

Not discouraging them in the least yesterday was Barry. "Democracy has been raped, and we intend to try to do something to the perpetrators of the rape," he declared.

## Earth movers

■ Only a few weeks ago the Japanese government accepted that trying to predict earthquakes is well-nigh impossible. But that hasn't stopped an official panel of seismologists from saying that there's a quake on the way along a fault in western Kanagawa Prefecture, near Tokyo. After extensive geological tests they've concluded that a big one is coming – anything up to a magnitude of eight on the Richter scale, they say.

But before residents start packing their bags and rushing out for emergency supplies, it's worth noting that the experts aren't being too precise; their firmest prediction is that a quake will hit "some time in the next few hundred years". Those with sense are sticking to traditional methods of predicting doom - like watching out for unusual behaviour in catfish.

## Non-person

■ Negotiators in Bonn this week trying to thrash out ways of cutting greenhouse gas emissions didn't manage to agree on very much – even who'd sit on what committee. So much so that Argentinian Raul Estrada-Oyuela, who chaired the talks, has decided to do away with committees altogether; instead he's set up a series of "non-groups".

The meeting's closing statement refers to a "non-group" on compliance measures and another "non-group" on implementing existing government commitments. Estrada-Oyuela isn't saying exactly what a "non-group" entails – but he says it saved a lot of "useless discussion". Anything to cut down on hot air.

The Financial Times

## 50 years ago

**Congress Urged To Meet**
Washington: Reliable reports here tonight indicate that Mr George Marshall, US Secretary of State, has been urged that a special session of the U.S. Congress this autumn would be the best, and perhaps the only, hope of America being able to give positive aid to Britain and other European countries. This coincides with warnings from influential Congressmen that there could not and must not be any amendment of the American loan to Britain provisions without Congressional assent. It appeared likely that high British officials would be arriving shortly for what the Americans call "loan modification" talks and which the British describe as "general dollar discussions."

**France Impressed By Plan**
The measures announced yesterday and the present crisis in Britain are widely commented on by the French Press, reflecting the strong impression created in France by the Labour Government's emergency programme. According to some commentators, the British and French problems have the same origin – exaggerated *State control, costly and* inappropriate nationalisation measures, insufficient output and working hours.

FINANCIAL TIMES
Friday August 8 1997



# Bombs shake Cuba's hotels and Havana's confidence

**By Pascal Fletcher in Havana**

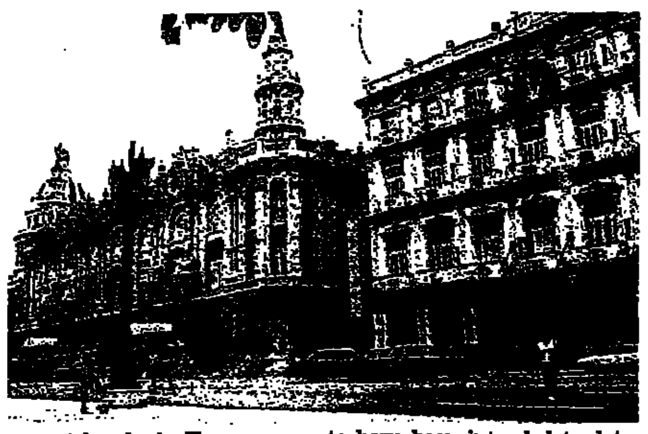
Havana is uneasy. Mysterious explosions over the last month at three hotels in Cuba's capital, and at a Cuban tourist office in the Bahamas, seem to be aimed at scaring away foreign visitors and damaging the communist-run island's fastest-growing economic sector.

An explosion damaged the Nassau offices of Havanatur, a Cuban tourist company, on Sunday. On Monday, a small bomb went off in the lobby of a five-star Havana hotel managed by the Spanish hotel chain Grupo Sol Meliá.

Cuban police said this explosion was similar to small bomb blasts at two other Havana hotels on July 12 in which three people were injured.

Although the attacks have caused minimal damage and no deaths, they are a rare example of a calculated, overt and violent threat to order and tranquillity in a nation whose one-party government has traditionally kept a tight lid on *dissent*.

The uneasy atmosphere has been compounded by renewed speculation about the health of President Fidel Castro, who will be 71 this month.



Recent bombs in Havana seem to have been intended to deter tourists and damage Cuba's growing tourism industry

*Although the veteran leader* was seen in public twice during a recent leftwing youth festival in Havana, he has appeared tired and lethargic.

And in a break with tradition, he did not give the annual July 26 state-of-the-nation address, delegating it to his younger brother, Mr Raúl Castro, the defence minister.

The forthcoming October *congress of Cuba's ruling Communist party* is expected to reaffirm the government's commitment to one-party socialism, but moves to incorporate younger cadres into the *leadership are also forecast.* Meanwhile, the authorities' usual practice of trying to keep bad news tightly under wraps has intensified speculation over the bomb attacks.

"It is clear the intention is to damage our tourist industry," Mr Ricardo Alarcón, president of Cuba's National Assembly, said recently. The authorities were taking measures to *improve security, he added.*

Cuban leaders have indicated they believe anti-communist exiles living in the US and fiercely opposed to Mr Castro are behind the bomb attacks. They say the explosives used and the people responsible "come from the US". The US government has denied any involvement, but the charges have added extra tension to Havana's already strained relations with the White House.

Another theory among diplomats and businessmen is that the blasts may be the work of internal anti-government opponents, such as disgruntled military officers.

Some diplomats expect Cuban security forces to use the incidents as an excuse to crack down on political dissent. Four leading Cuban dissidents were arrested last month – just four days after explo*sions damaged two Havana* hotels – but have not yet been charged with any offence.

The attacks occurred during the tourist "low season" in Cuba.

Since it was opened to foreign investors seven years ago, tourism has expanded rapidly, attracting Canadian and European tour operators, hotel chains and financiers.

*Cuban officials insist the* sector, which earned more than $1bn in 1996, continues to grow rapidly but some foreign hoteliers privately say there has been a drop in bookings.

## THE LEX COLUMN

# Money talks

The Bank of England has not quite said interest rates have reached their peak. But that is the impression it wanted to give in its statement that "upward pressures on the exchange rate should be reduced by the perception that interest rates have reached a level consistent with the inflation target".

The comment worked wonders. Market perceptions that base interest rates would need to rise to 7½ per cent have been scaled back to around 7¼ per cent – not much different from the new 7 per cent base rate. And sterling has obligingly fallen: by 8 pfennigs in the last two days to DM2.971. That should take some of the heat off Britain's exporters, which face shrinking order books and margins as a result of the currency's strength. The Bank has managed to *have its cake and eat it: higher* interest rates to cool the booming domestic economy and a lower exchange rate to help exporters.

What, though, if 7 per cent is not sufficient to hit the inflation target? One option would be toraise rates and tell anybody who complained that it never said they were at their peak, only that this was the *perception*. The snag is that the Bank would get a reputation for loose language. That, though, would be better than shirking necessary action and, hence, playing fast and loose with the currency. With luck, domestic demand will slow down and no more action will be needed. If not, the Bank could live to rue yesterday's smart talking.

## Barclays

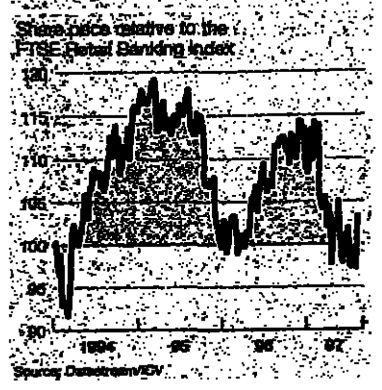
Even in a UK stock market where *banks have become a licence to* make money, the 13 per cent rise in Barclays' share price over the last two days stands out. This cannot be justified by the £200m increase in its share buy-back programme: that is 1 per cent of its stock market value. Nor can it be a euphoric reaction to the pace of profits growth: operating profits before provisions and the impact of the Budget rose just 5 per cent.

*The main reason, rather, is that* the market now thinks it is unfair to tar Barclays with the same brush as the ailing NatWest. True, profits at its maligned merchant bank BZW fell year-on-year. But it is now turning in an acceptable, if unexciting, 12 per cent return on capital. And in the core UK business, costs are under control while credit quality is showing steady improvement. Moreover, surplus capital is being *handed back instead of gambled* on acquisitions or risky loans, with the promise of much more to come.

FTSE Eurotop 300 index
1015.8 (+8.5)

**Barclays**

Share price relative to the FTSE Retail Banking index



Source: Datastream/ICV

Of course, annualised provisions for bad and doubtful debts are £520m lower than Barclays' own calculation for the average over the banking cycle. But if you strip £520m off expected 1997 profits, it is trading on a lower prospective price/earnings ratio than the market. That makes it look decent value against the banking sector, although the sector itself is arguably buoyed by a too-confident belief that this time the cycle really will be different.

## UK buy-backs

This week has seen a flood of buy-back announcements from the likes of British Petroleum, Barclays and Rank – and rightly so. Now *pension funds' tax credits on spe*cial dividends have been abolished, buy-backs are the best way to hand back large dollops of cash. This is because a buy-back, unlike a special dividend, lets individual investors decide whether they want the cash; higher-rate taxpayers, for instance, may not.

But investors also need to master a more arcane point: since last year, when the former chancellor *clamped down on buy-backs, they* have been treated for tax purposes as if they were foreign income dividends (Fids). For many companies, this makes no practical difference – a buy-back, like a dividend, incurs advance corporation tax (ACT) which can be offset in due course against the main corporation tax bill. But an important twist arises where a company has significant foreign earnings and so ends up with an ACT charge higher than its mainstream UK tax bill. Currently, the "surplus ACT" payable on such a buy-back can be reclaimed from the government as if it were a Fid. The snag is that, from 1999, the government is planning to abolish Fids and, as a by-product, the tax-efficiency of such buy-backs.

This suggests UK companies with hefty foreign earnings should get their balance sheets into taut shape, through buy-backs, before Fids are abolished. With luck, such pre-emptive action will prove unnecessary if the government properly rethinks its approach to ACT and Fids. But it seems unwise to take the risk.

## United Utilities

To see why executive chairmen are generally a lousy idea – and why Sir Ronald Hampel's governance report was excessively soft on the issue – look no further than the mess at United Utilities. There are two big problems. First, combining an executive chairman and chief executive risks power battles – in United's case, losing two chief executives in pretty quick succession. Second, if shareholders are unhappy with an executive chairman, where do they turn? At United, Sir Peter Middleton, a non-executive, is available to listen to institutions' discontent with Sir Desmond Pitcher, the chairman. But as a conduit for their views, Sir Peter inevitably lacks a chairman's clout.

The point is not academic. The odd circumstances surrounding the departure of Mr Brian Staples, United's *former chief* executive, have finally exhausted the patience of some institutions too big for United to ignore. Moreover, their criticisms are powerful. The most obvious is Sir Desmond's patchy record of cohabiting with chief executives. But more fundamental is United's protracted underperformance against its sector; the stock has long looked peculiarly cheap on fundamentals. Investors' worries *about Sir Desmond – especially his* penchant for building a regional empire with the extravagant bid for Norweb – partly explain the discount.

Of course, Sir Desmond could always change his title to non-executive chairman. But he shows no willingness to. And even if he did, the change would probably be cosmetic. Sir Desmond should go.

# Oneximbank sets sights on oil sale

Continued from Page 1

whether or not our group flourishes now depends on the strength of our management and the sense of our strategy rather than our political connections," he added.

*Commenting on this week's* auction of Norilsk Nickel, widely criticised as an "insider" deal, Mr Potanin said the sale was the natural consequence of the shares-for-loans agreement signed by the government two years ago. He conceded it was not as open as the Svyazinvest sale but claimed it was more competitive than other privatisations.

"Am I some kind of nut that I would pay so much more than the other bidder for the stake if it were a rigged auction?" he asked. Oneximbank's winning offer was $70m higher than the only other bid.

Mr Potanin did not rule out future collaborative projects with Mr George Soros, the international financier who put $980m behind Oneximbank's bid for Svyazinvest.

Oneximbank's ability to finance a bid for Rosneft may be further squeezed by a government decision to remove the handling of federal budget funds from a select list of "authorised" commercial banks and return them to the central bank.

# Czechs offered jet fighter deal by BAe and Saab

**By Joe Cook in Prague**

British Aerospace and Saab, the Swedish aircraft group, yesterday raised the stakes in the west's scramble to sell Nato-compatible fighter jets to central European countries, by offering to licence production of their Gripen fighter jet to the Czech Republic.

The Anglo-Swedish offer exceeds anything yet put forward by Lockheed Martin of the US, maker of the F-16 jet, Boeing, which manufactures the F-18, or France's Dassault, maker of the Mirage fighter. All four competitors are offering central European governments industrial off-set, subcontracting and trade packages as they vie for orders from Austria, the Czech Republic, Hungary, Poland and Slovenia for as many as 262 jets, worth up to $10bn.

Mr Alan Garwood, European managing director of British Aerospace, said his company and Saab were "willing to licence aircraft manufacture here, if that's what it takes" to win Prague's order for up to 30 jets, worth an estimated $1bn. He said the Czechs "have got a company that can do it – *Aero Vodochody*".

Mr Garwood's offer is a challenge to a tentative arrangement between the Czech government and a consortium led by Boeing under which a stake of between 34 per cent and 40 per cent in the state-owned Aero would be sold to the Boeing group for a minimum price of Kc950m ($27.5m).

Under the deal, Aero would make parts for Boeing civil aircraft and would probably assemble the McDonnell Douglas F-18 for the Czechs. However, the arrangement does not provide the Czechs with technology transfers or intellectual property rights. Contracts remain unsigned.

The Anglo-Swedish offer envisages a much wider licencing of Gripen production to Aero. Mr Garwood said that although it would "take a lot of work" his company was willing to "subcontract an *incredibly high percentage*" of Gripen production to Aero, including building the engine or even the entire aircraft. Such a proposal would be tempting for Aero, which is technically insolvent, having lost Kc1.5bn last year and accumulated debts of Kc8.95bn.

If British Aerospace and Saab were to upset the Aero-Boeing arrangement, it would have wider implications for the central European defence market. The Gripen is favoured by Hungary and Austria, whereas the American companies are more strongly placed in Poland and, at least until now, the Czech Republic.

# Microsoft deal lifts Apple shares

Continued from Page 1

size. Apple and Microsoft also agreed to cross-license all of their patents.

Microsoft, which is currently spending about $2bn a year on research and development, is believed to be amassing new patents much faster than Apple.

Microsoft has already achieved a substantial gain on its investment in Apple. Microsoft acquired its stake at a price based on the "trailing average" of Apple's share price over the 20 days prior to the agreement, about $16 a share.

Yesterday, Apple was trading at $29¼ in mid-session, up 11 per cent from Wednesday's close.

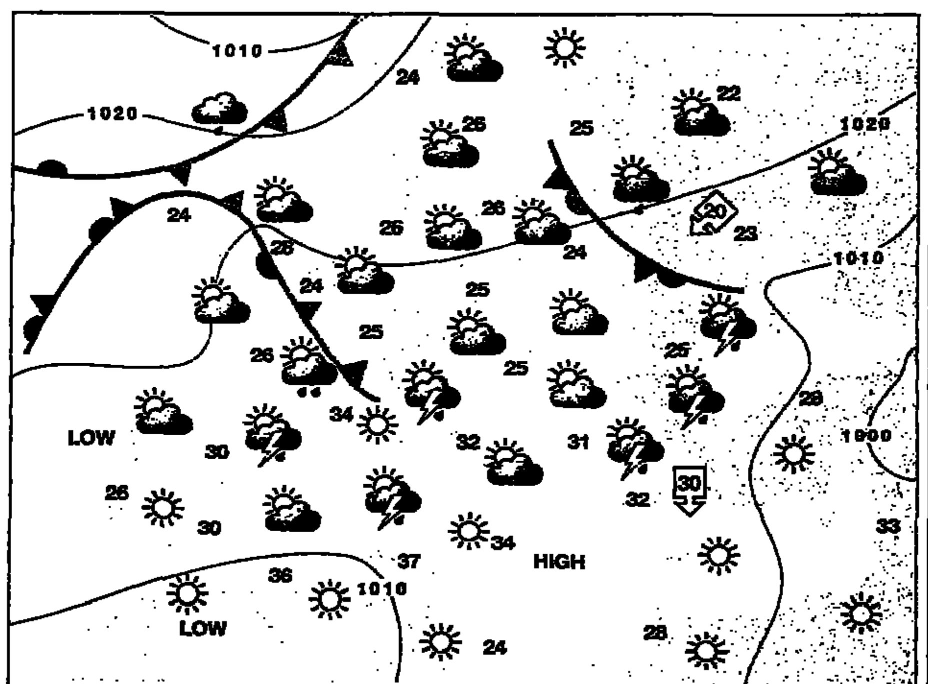
## FT WEATHER GUIDE

### Europe today

The Mediterranean will be mainly fine and hot with virtually unbroken sunshine, although there will be patchy cloud over the Balearic islands and Italy with an outside chance of thundery downpours. France, the Alps and the Balkans will be hot and humid with plenty of hazy sun but the high temperatures will trigger heavy showers and thunderstorms. The Low Countries, Germany and much of Scandinavia will be fine and settled with plenty of warm sun. It will be cloudier and more unsettled further east with thundery showers, especially across Poland, Hungary and Romania.

### Five-day forecast

The fine, hot and sunny weather will mostly continue across the Mediterranean. Central and northern Europe will have a good deal of dry weather with plenty of hot sunshine but there will be thundery showers in the east. North-west Europe is likely to be thundery early next week.




Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

**TODAY'S TEMPERATURES**

| | Maximum Celsius | |
|---|---|---|
| Abu Dhabi | sun | 40 |
| Accra | fair | 28 |
| Algiers | sun | 38 |
| Amsterdam | sun | 26 |
| Athens | fair | 32 |
| Atlanta | cloudy | 30 |
| B. Aires | Sun | 12 |
| B.Ham | Fair | 28 |
| Bangkok | Rain | 32 |
| Barcelona | Sun | 29 |
| Beijing | Fair | 33 |
| Belfast | Cloudy | 24 |
| Belgrade | Fair | 25 |
| Berlin | Fair | 26 |
| Bermuda | Shower | 31 |
| Bogota | Cloudy | 19 |
| Bombay | Rain | 32 |
| Brussels | Sun | 26 |
| Budapest | Thunder | 26 |
| C.Hagen | Sun | 24 |
| Cairo | Sun | 32 |
| Cape Town | Fair | 17 |
| Caracas | Thunder | 33 |
| Cardiff | Fair | 25 |
| Casablanca | Cloudy | 24 |
| Chicago | Fair | 29 |
| Cologne | Sun | 24 |
| Dakar | Thunder | 31 |
| Dallas | Shower | 33 |
| Delhi | Shower | 29 |
| Dubai | Sun | 41 |
| Dublin | Cloudy | 25 |
| Dubrovnik | Fair | 27 |
| Edinburgh | Fair | 23 |
| Faro | Fair | 25 |
| Frankfurt | Fair | 25 |
| Geneva | Fair | 25 |
| Gibraltar | Fair | 27 |
| Glasgow | Cloudy | 23 |
| Hamburg | Fair | 25 |
| Helsinki | Sun | 25 |
| Hong Kong | Rain | 30 |
| Honolulu | Cloudy | 32 |
| Istanbul | Fair | 28 |
| Jakarta | Fair | 32 |
| Jersey | Fair | 21 |
| Karachi | Cloudy | 37 |
| Kuwait | Sun | 44 |
| L. Angeles | Sun | 30 |
| Las Palmas | Fair | 26 |
| Lima | Rain | 24 |
| Lisbon | Sun | 26 |
| London | Sun | 29 |
| Lux.Bourg | Sun | 26 |
| Lyon | Thunder | 32 |
| Madeira | Shower | 23 |
| Madrid | Fair | 30 |
| Majorca | Fair | 31 |
| Malta | Sun | 34 |
| Manchester | Fair | 26 |
| Manila | Thunder | 35 |
| Melbourne | Shower | 14 |
| Mexico City | Fair | 26 |
| Miami | Fair | 33 |
| Milan | Thunder | 28 |
| Montreal | Fair | 29 |
| Moscow | Cloudy | 21 |
| Munich | Fair | 26 |
| Nairobi | Fair | 27 |
| Naples | Sun | 31 |
| Nassau | Shower | 33 |
| New York | Fair | 29 |
| Nice | Sun | 29 |
| Nicosia | Sun | 33 |
| Oslo | Sun | 26 |
| Paris | Thunder | 29 |
| Perth | Cloudy | 17 |
| Prague | Fair | 24 |
| Rangoon | Rain | 30 |
| Reykjavik | Fair | 12 |
| Rio | Fair | 23 |
| Rome | Sun | 32 |
| S. Frsco | Sun | 25 |
| Seoul | Shower | 30 |
| Singapore | Cloudy | 32 |
| Stockholm | Fair | 26 |
| Strasbourg | Fair | 26 |
| Sydney | Fair | 17 |
| Tangier | Fair | 26 |
| Tel Aviv | Sun | 30 |
| Tokyo | Fair | 29 |
| Toronto | Fair | 28 |
| Vancouver | Rain | 21 |
| Venice | Cloudy | 27 |
| Vienna | Cloudy | 25 |
| Warsaw | Thunder | 24 |
| Washington | Fair | 30 |
| Wellington | Fair | 11 |
| Winnipeg | Thunder | 31 |
| Zurich | Fair | 24 |

FINANCIAL TIMES
# COMPANIES & MARKETS
Friday August 8 1997 Week 32





## IN BRIEF

### Veba earnings up 7% in first half

Veba, the Düsseldorf-based industrial conglomerate which plans to list in New York in October, lifted pre-tax income in the first half by 7.1 per cent to DM1.748bn ($985m). The result was bolstered by strong advances in the company's oil division. Page 20

**LME chief issues warning to members**
The head of the London Metal Exchange has warned LME members to conduct an orderly market. The warning was taken as a veiled reference to fears that the market has been manipulated, leading to squeezes and price jumps in zinc and aluminium. Page 26

**US biotech group clones calf**
ABS Global, the US cattle-breeding and biotechnology company, announced it had successfully cloned a bull calf using primordial stem cells from a 30-day-old calf foetus. Page 22

**Schering expects 20% rise in earnings**
Schering, the German pharmaceuticals group, said full-year earnings could rise by as much as 20 per cent after registering strong growth in profits in the first half. Page 20

**Swire Pacific up 8.5% at half-year**
Swire Pacific, the Hong Kong conglomerate, posted an 8.5 per cent increase in interim net profits to HK$3.31bn (US$427m). The group's property interests were lifted by growing rental incomes and higher sales prices. Page 21

**Metsä cautious after strong half**
Metsä-Serla, the Finnish forestry group, more than doubled first-half profits to FM716m ($128.2m), but was cautious about prospects for the rest of the year. Page 20

**Sara Lee profits up 10% at $1bn**
Strong growth in its packaged meats and food service businesses helped Sara Lee, the US food and consumer products group, post a 10 per cent increase in full year profits to $1bn. Page 22

**Companies in this issue**



**Market Statistics** http://www.FT.com



**Chief price changes yesterday**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **FRANKFURT (DM)** | | | | **PARIS (FFr)** | | | |
| **Rises** | | | | **Rises** | | | |
| Adidas | 230.5 | + | 12.5 | Axa | 418.0 | + | 11.4 |
| Holzmann | 625 | + | 35 | Cap Gemini S | 395 | + | 15 |
| Karstadt | 705 | + | 28 | CCF | 341.2 | + | 18.2 |
| RWE | 86.9 | + | 4.4 | Dollfus Mieg Cie | 117.3 | + | 13.2 |
| SAP AG | 438.5 | + | 12.0 | Lafarge | 448.4 | + | 10.4 |
| Viag | 793.5 | + | 22.5 | Union Immob Fr | 434.9 | + | 29.9 |
| **NEW YORK ($)** | | | | **TOKYO (Yen)** | | | |
| **Rises** | | | | **Falls** | | | |
| China East Air | 29⅞ | + | 3⅛ | Fudo Constn | 275 | - | 25 |
| Ethan Allen | 61¼ | + | 7 | Nagasakiya | 249 | - | 25 |
| Pioneer Hi | 92 | + | 15¾ | Penta Ocean | 262 | - | 26 |
| **Falls** | | | | Sumitomo Osaka | 246 | - | 28 |
| Heilig-Myers | 15⅛ | - | 2⅛ | Tekken Corp | 290 | - | 34 |
| Stal Corp | 11⅝ | - | 4⅝ | Toshoku | 241 | - | 24 |
| United Health | 51⅛ | - | 6¾ | **HONG KONG (HK$)** | | | |
| **LONDON (Pence)** | | | | **Rises** | | | |
| **Rises** | | | | Cathay Pac Air | 14.7 | + | 0.7 |
| Bakyrchik | 37½ | + | 10 | Cheung Kong | 96.75 | + | 4.75 |
| Barclays | 1447½ | + | 120 | First Pacific | 9.75 | + | 0.35 |
| Bryant | 141 | + | 16¾ | Great Eagle | 29.65 | + | 1.35 |
| Robert Walters | 295 | + | 39 | **Falls** | | | |
| **Falls** | | | | Chinese Est | 7.40 | - | 0.15 |
| Interoute Tel | 37½ | - | 14 | Shaw Brothers | 8.60 | - | 0.45 |
| Rank | 340 | - | 30½ | **BANGKOK (Baht)** | | | |
| **TORONTO (C$)** | | | | **Rises** | | | |
| **Rises** | | | | Krungthai Th | 36.00 | + | 3.25 |
| Dundee Bancp B | 36 | + | 3 | Natl Finance | 33.5 | + | 3.0 |
| Mackenzie Inv | 34.0 | + | 3.5 | Nava Finance | 33.25 | + | 3.00 |
| Metrowerks | 11.5 | + | 1.0 | **Falls** | | | |
| PLD Telekom | 8.75 | + | 0.85 | Prakit & FCB | 45 | - | 5 |
| **Falls** | | | | Pranda Jewelry | 18 | - | 2 |
| Foremost Inds | 10.75 | - | 2.00 | Thai Rayon | 86.5 | - | 9.5 |
| Pet Valu Can | 5.00 | - | 0.45 | | | | |

New York and Toronto prices at 12:30.

# DuPont buys stake in Pioneer

## Agricultural R&D venture to follow

By Nikki Tait in Chicago

DuPont, the US's largest chemical company, announced yesterday that it is investing $1.7bn in an eventual 20 per cent stake in Pioneer Hi-Bred International, the Iowa-based agricultural technology group.

The two companies will also set up an equally owned joint venture to be called Optimum Quality Grains. This will bring together DuPont's agricultural products' quality grains unit and Pioneer's nutrition industry business, both of which are based in Des Moines.

Shares in Pioneer surged on the news, gaining $16¼ – 21 per cent – to $92¾ yesterday morning.

DuPont and Pioneer say the alliance will create one of world's largest agricultural research collaborations, with the two companies investing a combined $400m in agricultural R&D next year. Part of that will support the new joint venture directly, notably in areas such as the genetic modification of corn, soybeans and oilseeds - research aimed at improving the crops' yield potential.

Both have been developing proprietary technologies in this field, with DuPont citing its "Optimum" high-oil corn and high-oleic soybeans, and Pioneer its work on low linolenic soybeans and high-oil corn and sunflowers.

Some of the $400m will continue to be invested by the two companies separately, but Mr Charles Holliday, DuPont's executive vice president, said they would look for other collaborative areas.

The merger is aimed at integrating "DuPont's recognised strengths in material sciences and biotechnology with Pioneer's global strength in corn and oilseed genetics," according to Mr John Krol, DuPont's chief executive.

DuPont will invest in Pioneer's stock at $104 a share and take two seats on the company's 15-man board. This will initially give it a 16 per cent stake in Pioneer, which will use the funds received to buy back its own stock, lifting DuPont's holding to 20 per cent.

The deal also includes a 16-year standstill and corporate governance agreement, pegging the DuPont stake at 20 per cent unless both companies agree to waive this.

DuPont says the deal means that it will take a non-cash charge to earnings as an accounting write-off for R&D work in process. This is not expected to exceed $1bn. Thereafter, it expects a modest earnings dilution in 1998, but of no more than 2 per cent.

The company stresses that its crop protection products, which are also part of the Delaware-based DuPont Agricultural Products division, will not form part of the alliance.

Pioneer, which is listed on the New York Stock Exchange, is one of the leading suppliers of hybrid seed and has more than 40 per cent of the hybrid seed corn market in North America. Hybrid seed corn and soybean seed account for most of its annual revenues, which run at just under $2bn, and for most of its profits.

About two thirds of its business revenues come from North America and the remainder predominantly from Europe - although it also has interests in developing regions, including Asia.

# Fuji TV's share debut expected to impress

By Gwen Robinson in Tokyo

Today's listing on the Tokyo stock market of Fuji Television Network, one of Japan's five national commercial broadcasters, is being watched as an indicator of investor interest in Japan's nascent digital satellite broadcasting industry.

Earlier this year Fuji TV announced it would join Mr Rupert Murdoch's digital satellite broadcasting venture Japan Sky Broadcasting (JSkyB), along with Sony and Softbank, the software group.

The company's listing is the first in nearly four decades by a Japanese television network, and analysts have high expectations for the stock's debut.

Many predict the shares could soar to Y700,000 on their first day of trading, against an initial public offering price of Y550,000 set late last month.

Some foreign brokers, however, have advised investors to hold off if the shares open sharply higher than the offer price. They caution against inflated expectations of Fuji TV's entry into digital satellite broadcasting, as profits from the JSkyB venture may take some time to boost the broadcaster's earnings.

Mr Hisashi Hieda, company president, said he hoped the satellite broadcasting business would contribute to Fuji TV's results but stressed that many details of the new venture had yet to be decided.

In May, Fuji TV warned that profits in the year to March would be affected by costs related to its recent move to new premises in Tokyo, but said steady growth would resume the following year. However, analysts said the initial investments required for Fuji TV's participation in JSkyB could slow profit growth for two to three years.

The company's IPO was one of the largest in Japan this year, and raised more than Y100bn ($841m) through an initial auction of 116,000 shares on July 29 plus subsequent fixed-price offerings of another 114,500 shares.

Observers said the issue price was low, given the popularity of the shares.

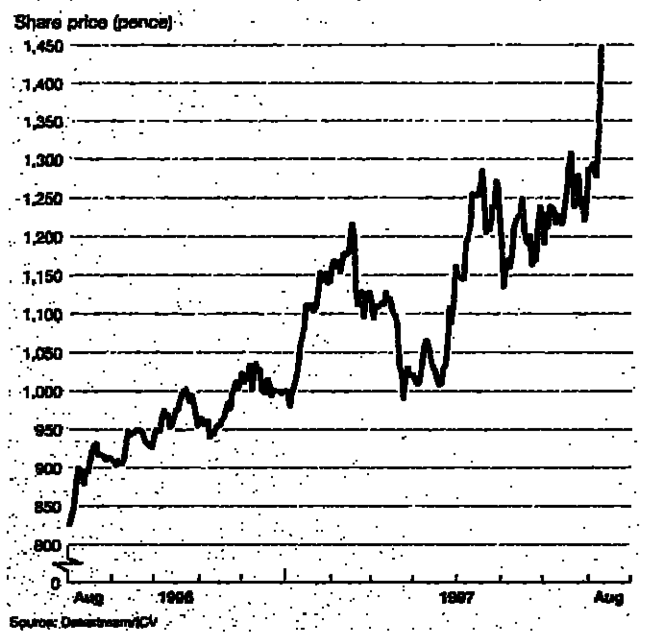
They suggested Yamaichi Securities, which lead-managed the issue, tried to keep the price substantially below the lowest successful bid price of Y588,000.

# Barclays posts 11% profits rise

## Bank plans to buy £400m of its own shares and increase dividends

By George Graham, Banking Correspondent

**Buoyant Barclays surges higher**



Source: Datastream/ICV


Barclays' Martin Taylor (left) and Andrew Buxton

Barclays, the UK bank, yesterday announced plans to buy in another £400m ($652m) of its own shares and step up its dividends as it beat market forecasts with an 11 per cent improvement in first-half operating profits to £1.33bn.

Its share price climbed by 120p to £14.47½ yesterday, up 9 per cent in a day and 13 per cent in the last two days.

Barclays has already bought back £290m of shares this year and it forecast in February that it would have room for £500m of repurchases over the whole year.

But Mr Martin Taylor, chief executive, said: "We now think we may have scope to do another £400m or so, making £700m over the year."

Mr Taylor's optimism was based on a strong first-half performance by Barclays' personal and business banking units and a partial recovery by its BZW investment banking subsidiary.

Even after a £105m hit from tax changes in last month's budget, pre-tax profits in personal banking rose 14 per cent to £394m and in business banking by 18 per cent to £439m.

BZW reported profits of £124m, down from £148m in the same period a year ago, but a substantial improvement on the second half last year when a radical reorganisation pushed profits down to £42m.

Asset management profits rose 48 per cent to £46m, while international and private banking remained broadly flat at £115m.

Announcing a 17 per cent increase in the interim dividend from 11.5p to 13.5p, Mr Taylor said Barclays could pay out more in future if inflation stayed low.

"Looking forward we have considerable scope for the dividend to increase," he said.

Mr Michael Lever, banking analyst at HSBC James Capel, said the dividend outlook was one of the main reasons for the increase in Barclays' share price yesterday.

While Barclays' share price has outperformed that of its most comparable rival, National Westminster Bank, it has lagged behind the rest of a sector which has been dragged upwards by the spectacular advances of Lloyds TSB and HSBC Holdings.

Investors have been wary about Barclays' involvement in investment, but Barclays said yesterday that BZW had produced a 12 per cent return on capital in the first six months of the year.

That is lower than the 24 per cent return for the whole group, and lower even than its long-term target of 15 per cent. But Mr Taylor said it was close to covering its cost of capital.

Group net interest margin rose from 3.24 per cent a year ago to 3.47 per cent, despite pressure on margins in most individual business segments.

Credit quality, however, remained exceptionally strong. Net new provisions for bad and doubtful debts fell from £148m to £90m , or 0.1 per cent of average loans, helped by releases of earlier provisions.

That included £25m on the sale of part of Imry, the troubled property company Barclays took over at the depths of the last recession.

Even Barclays' longest-running headache, the rump of its French banking and property business, came close to breaking even, losing just £2m compared with £53m a year earlier.

Budget tax changes cost Barclays £28m on its life assurance fund and £77m on finance leasing, as well as £20m on the valuation of its equity derivatives book.

Even after that, earnings per share rose from 55.3p to 59.2p, helped by the fact that Barclays has bought in £1.25bn of shares over the last two years.

Lex, Page 18

# Poor interim results knock 3 per cent off Shell shares

By Robert Corzine in London

Shares in Shell Transport and Trading closed about 3 per cent down yesterday after publication of a surprisingly poor set of interim results from the Anglo-Dutch oil group.

A "disappointing" performance by the chemicals division and adverse currency movements were behind a 4 per cent fall in second quarter profits to £1.14bn ($1.85bn), and a 1 per cent fall in half-year earnings to £2.68bn.

The results were in sharp contrast to the buoyant profits reported earlier in the week by British Petroleum.

Shell's share price rose strongly before yesterday's results in the expectation that it too would report a buoyant performance, but it closed in London last night down 14½ at 458½. Mr Mark Moody-Stuart, who took over last month as chairman of Shell Transport and Trading, the group's UK arm, said a decision to concentrate 70 per cent of annual chemical plant maintenance in the second quarter "was not very smart".

It caused second quarter chemical earnings to plummet 38 per cent to £86m from a year earlier. Start-up costs at a new plant in Singapore and a lag in price rises for some chemicals also hit earnings.

But Mr Moody-Stuart said he was unhappy at the way the company dealt with such "special" problems.

The strength of Sterling also took a heavy toll on earnings in the quarter. Currency exchange losses totalled £117m. Executives noted that their European chemical companies which use the D-Mark "had to make 21 per cent more profits this year just to stand still" in Sterling terms.

The company's holdings of cash and liquid investments were also hit. The cash pile fell by £1.2bn to £6.9bn, but executives said the money had only been re-classified.

Crude oil production rose by only 1 per cent for the half-year, while natural gas sales were down by 5 per cent.

Capital expenditure is also expected to increase in the second half.

The return on capital employed for the year to June 30 was 11.5 per cent, still below Shell's target of 12 per cent and well below the industry average of about 15 per cent.

# Ringgit's slide dents Proton

By James Kynge in Kuala Lumpur

Earnings at Proton, the maker of Malaysia's national car, will be hit by the depreciation of the ringgit against the Japanese yen, Mr Mohammed Saleh Sulong, the company's chairman, said yesterday.

The warning was one of the first acknowledgements by a Malaysian corporate leader that the ringgit's decline against the US dollar and other main currencies was affecting results. It also demonstrated Proton's heavy dependence on components imported from Japan.

Mr Saleh said Proton's profits would grow this year, but not at the steep 126 per cent rate achieved in the year to last March 31, when pre-tax profits jumped to M$1.03bn ($390m).

Proton buys most of its engines from Mitsubishi Motors, the Japanese car producer which has a big equity stake in Proton. About 20 per cent of Proton's costs are denominated in yen. The Japanese currency has risen about 7 per cent against the ringgit this year. The yen's depreciation by about 13 per cent last year was an important factor in Proton's profits surge.

Other complex components which Proton buys locally contain parts from Japan. Although Proton does not directly bear the cost of these, industry analysts said the yen's climb would complicate a campaign to cut the price at which Proton buys parts from local suppliers.

The adverse currency movements coincide with a slowdown in car sales and a loss of domestic market share for Proton. "There is a general consensus that in the second half of the year, the economy is becoming harder," said Mr Saleh.

In May, Proton's market share fell to 60 per cent, compared with 65 per cent for last year and a peak of 74 per cent in 1993. Mr Saleh said the drop in market share might be temporary: "It is not time to push the panic button."

Exports may turn out to be a bright spot. Mr Saleh said distributors abroad would find it cheaper to buy Protons following the ringgit's depreciation.

# Metsä surges but cautions on sector

By Greg McIvor in Stockholm

Metsä-Serla, the Finnish forestry group, more than doubled first-half profits, but yesterday cautioned about a hoped-for rebound in the sector during the rest of the year.

Pre-tax profits rose from FM313m to FM716m ($128.2m), including a FM404m gain from share sales. Excluding non-recurring items, profits after financial items *advanced from FM223m* to FM306m.

Mr Jorma Vaajoki, chief executive, attributed the advance to better productivity and internal cost-efficiency measures, rather than any improvement in the market.

He played down hopes of a rapid recovery in the industry, which has been hit by weak prices since late-1995, saying the group was prepared only for a "possible gradual improvement" during the second half of the year.

Metsä's profits beat analysts' expectations and its most-traded B shares gained FM0.80 to FM48.80.

Mr Vaajoki's comments contrasted with those of Stora, the Swedish group which delivered a bullish assessment of future demand and prices when it reported half-year results this week.

Metsä said its paper delivery volumes rose 73 per cent, but most of the increase was from investments and acquisitions. Group turnover advanced 18 per cent from FM7.4bn to FM8.8bn.

Demand for coated magazine paper, a key grade, grew almost 30 per cent in western Europe, and Metsä's deliveries rose 28 per cent.

However, prices in foreign currencies fell until June, when there was a modest strengthening. Prices are still more than 20 per cent lower than the same time last year.

Capacity increases depressed prices of coated fine papers, which were about 5 per cent lower in the first half compared with last year. Metsä said prices of wood pulp, the key ingredient of paper, would have to rise before prices could be increased.

Metsä's operating profits in paper climbed from FM47m to FM61m. Packaging was the most profitable unit, with operating profits rising from FM266m to FM326m on sales up from FM2.6bn to FM2.8bn.

The improvement reflected an 8 per cent increase in European demand for folding boxboards, although average prices in markkaa were slightly lower.

Metsä said it was considering listing its tissue division on the Helsinki stock exchange. The company said it would retain a majority interest and the move would strengthen the unit.

The division's operating profits were flat at FM75m. Sales slipped from FM924m to FM918m.

# Ispat shares rise on debut

By Vincent Boland

Shares in Ispat International, the steel company owned by the entrepreneur Mr Lakshmi Mittal, opened at $29⅞ in their first day of trading yesterday on the New York Stock Exchange.

They were priced at $27 in an international public offering.

The shares were also listed in Amsterdam, where they opened at Fl 61.20 and closed at Fl 62.30.

This compares with an offer price equivalent to Fl 57.15.

The offer was at the top end of the $26-$27 range set by joint global co-ordinators Donaldson Lufkin & Jenrette and Credit Suisse First Boston.

It valued the initial public offering at $675m and Ispat at $3.4bn.

The range had been raised this week from $22-$26, reflecting strong investor interest.

The size of the offering was also increased, from 19.25m shares to 25m shares.

Mr Mittal sold 9m shares, valued at $243m, and retains a stake of about 80 per cent.

An additional tranche of 3.75m shares may also be exercised in a greenshoe option.

# ABB lifts order book intake 14%

By William Hall in Zurich

ABB, the international electrical engineering group, bucked the slowdown in its western European home market by lifting its order book intake 14 per cent to $20bn in the first half of 1997.

The surge in orders, which rises to 21 per cent when translated into local currencies, is the first sign that Mr Goran Lindahl, the new chief executive, is adopting a more aggressive approach to winning business than his predecessor, Mr Percy Barnevik, who remains company chairman.

ABB said the rise in the order backlog was driven by strong growth in large projects and increased demand from emerging markets. Orders received in power generation, which has been one of ABB's problem areas, rose 14 per cent to $5.6bn, and power transmission orders rose 29 per cent to $5.5bn.

Mr Lindahl, who took over as chief executive at the start of the year, said ABB had increased its market share.

He had only three messages for his worldwide staff of 215,000: "Sell, sell more, and sell even more." He said he was pleased that the order intake had topped $10bn for two consecutive quarters, and was not going to be deflected in his marketing drive by criticism by environmentalists of the company's involvement in controversial projects such as Malaysia's Bakun dam.

He was confident the Bakun project would go ahead as planned and was hopeful that ABB would win a share of the contract for China's Three Gorges project, due to be announced next week.

Goran Lindahl: not put off by environmentalists' criticism

Nevertheless, Mr Lindahl stressed that the bid for extra volume had not been at the expense of margins.

Although the company does not give divisional profit figures at the halfway stage, Mr Lindahl indicated there had been a turnround in the power generation side, where profits fell 40 per cent last year.

The strength of ABB's order intake contrasted with a slight decline in first-half revenues to $15.2bn and a 2 per cent rise in net income to $567m.

The profits were marginally less than analysts' expectations, but a large part of the shortfall was the result of movements in the US dollar.

ABB, jointly owned by Swiss and Swedish parent companies, said its net income in local currency terms rose 12 per cent.

The strength of the dollar, by contrast, had a positive effect on the earnings of its parent companies. ABB AB, the Swedish holding company, increased net income per share by 12 per cent to SKr2.26, while ABB's Swiss parent increased its earnings per share by 22 per cent to SFr45.40.

ABB is sticking to its forecast that its 1997 net income will reach last year's level of $1.23bn. ABB's shares, which have underperformed the Swiss market this year, rose 2.3 per cent to SFr2,266 yesterday.

# Oil earnings bolster Veba interims

By Ralph Atkins in Bonn

Veba, the Düsseldorf-based industrial conglomerate which plans a New York Stock Exchange listing in October, lifted pre-tax income in the first half of the year by 7.1 per cent to DM1.748bn ($935m), helped largely by strong advances in its oil division.

Veba gave no divisional breakdown of profits but said oil earnings improved "appreciably" because of the stronger dollar and higher prices, which helped exploration and production activities. Profits were also helped by improvements in its transport, trading and services division, although the group said construction-related business units in the division had "not yet met ... our expectations".

Earnings from the chemicals division remained "well below" the previous year. Improvements in speciality and performance chemicals failed to offset declines in basic chemicals and silicon wafers, used in the semiconductor industry.

Overall results were in line with analysts' forecasts and the shares ended up DM1.40 at DM112.70. Veba was confident earnings growth for the full year would be "at least of the same magnitude" as in the first half. Sales in the first half rose 8.5 per cent to DM39.71bn, with oil division revenues up 14.1 per cent. Chemicals sales rose by only 2.9 per cent to DM5.56bn.

Veba plans to take advantage of the liberalisation of the telecommunications market next year and has set up a joint venture, o.tel.o, with RWE, another power utility. Reported telecommunications sales fell almost 20 per cent to DM149m, but Veba said this reflected a different accounting treatment of its 62.5 per cent stake in o.tel.o. It said the underlying trend was a rise of about 30 per cent.

Veba is in negotiations with potential buyers of a 22.5 per cent stake in o.tel.o., with a deal expected by the end of the year.



# Nycomed warns of US setback

By Roger Taylor

Nycomed, the Norwegian healthcare group merging with Amersham International, of the UK, yesterday reported its third consecutive quarterly rise in profits, but warned the renegotiation of important US contracts might result in setbacks to earnings.

Nycomed has already seen profits hit by a US price war in medical imaging agents, which account for 60 per cent of the group's turnover.

It said yesterday that although prices had stabilised over the past nine months, allowing profits to rise, the new contracts were likely to be at lower prices.

Income before taxes rose to NKr333m ($43.2m), 23 per cent up on the first quarter and 20 per cent up on the same period last year.

However, income before taxes of NKr604m for the first half was below the NKr678m reported for the same period last year. Turnover for the first half was in line with last year, at NKr3.8bn.

Net debt rose NKr285m to NKr1.8bn. Earnings per share were NKr1.96 against NKr1.89 for the quarter, and NKr3.73, compared with NKr4.56, for the first half.

Nycomed A shares moved up NKr6.50 to NKr168 on the results, which were ahead of analysts' forecasts.

They have risen 55 per cent since the deal with Amersham was announced last month.

In London, Amersham shares rose 54p to close at 2101½p – 32 per cent higher than their pre-merger level.

Amersham's offer of 650 of its shares for every 1,000 Nycomed shares is worth NKr170.70 a share, at which price the merged group, Nycomed Amersham, would have a market capitalisation of about £2.53bn ($4.12bn).

## EUROPEAN NEWS DIGEST

# Higher orders help lift Saab

Saab, the Swedish aircraft group, yesterday rebounded from a SKr68m loss to report a SKr27m ($3.35m) first-half profit at the operating level as it booked higher orders in its military aircraft division. The group, a wholly-owned subsidiary of Investor, the Wallenberg family's investment vehicle, saw pre-tax profits rise from SKr198m to SKr242m.

The improvement was offset, however, by a decline in profits at Investor. The company, chaired by Mr Percy Barnevik, saw pre-tax profits slide from SKr11.6bn to SKr1.7bn. Last year's figure was inflated by a SKr9.9bn gain from the flotation of Scania, the Swedish truck-maker. Excluding the Scania sale, profits were flat.

Saab ascribed its own improvement to the absence of write-offs against this year's figures. It was forced to make one-off charges of SKr1.2bn during 1996 to cover sluggish sales of its Saab 2000 turboprop airliner. Sales of the Saab 2000 were flat at eight aircraft. Sales of its Jas 39 Gripen military fighter rose from eight to 12. Saab said 40 aircraft had been delivered to the Swedish air force to date, out of a total of 204 ordered.

Investor owns controlling stakes in a range of Swedish blue-chip stocks such as Ericsson, Electrolux, Astra and SKF. It said its net worth had jumped SKr28.8bn to SKr90.1bn since the start of the year.

*Greg McIvor, Stockholm*

■ DRESDNER BANK

## Rights issue to raise DM1.6m

Dresdner Bank, Germany's second biggest, yesterday gave details of its forthcoming rights issue which will raise nearly DM1.6bn ($854m) to help swell its war chest for acquisitions.

The new shares will be issued on a one-for-20 basis at DM65 each. This represents a 20 per cent discount on last night's closing price of DM81.65, a rise of DM3.04. The subscription period will be from August 14 to August 28.

The bank said the proceeds would increase its "scope for strategic measures". Last week in Berlin, while announcing a 23 per cent rise in first-half operating profits to DM1.74bn, Mr Jürgen Sarrazin, the chairman, said the bank was considering further expansion in investment banking in the US. The bank has also said it was looking at expanding asset management, in the UK and elsewhere. *Andrew Fisher, Frankfurt*

■ NORWAY

## Aker hit by NKr120m provision

First-half earnings by Aker Maritime, the offshore fabrication group within the Aker RGI engineering and seafoods business, were hit by a NKr120m ($15.6m) provision to cover a potential loss on the Njord oil and gas field development in the Norwegian sector of the North Sea. This cut operating profits from NKr151m last year to NKr96m, with earnings per share falling from NKr1.58 to NKr0.63.

The group said earnings from most divisions had risen strongly and forecast a sharp increase in profits for the full year in spite of the Njord provision. Turnover increased from NKr4.93bn to NKr6.05bn, partly because of acquisitions. *Hilary Barnes, Copenhagen*

■ ENGINEERING

## Rauma climbs to FM173m

Rauma, the Finnish engineering group, reported an improvement in sales and operating profits in the second quarter as markets for forest industry machinery and rock crushing equipment firmed. Turnover rose from FM2.48bn to FM2.59bn ($464m) and operating profits climbed from FM141m to FM173m.

However, the recovery was not enough to boost first-half results. Sales were down by about FM30m to FM4.90bn, and operating profits after net financial items slipped from FM341m to FM318m. Earnings per share were down from FM4.57 to FM4.24.

New orders in the first half increased 44 per cent to FM2.89bn, taking the order backlog to FM4.37bn at the end of June, a 15 per cent rise from the end of last year. *Hilary Barnes*

■ REINSURANCE

## Swiss Re puts flood cost at SFr150m

Swiss Re, the world's second biggest reinsurance company, has estimated that the recent floods in Poland, the Czech Republic and Germany will cost it SFr150m ($98.1m) in payments. The company, which reported net profits of SFr1.46bn last year, said the loss corresponded to a medium-sized event for which cover is provided by adequate provisions. *William Hall, Zurich*

■ *INSURANCE*

## Codan rises to DKr511m

Codan, the listed Danish insurance company controlled by the UK's Royal & Sun Alliance, reported an increase in first-half pre-tax profits from DKr441m to DKr511m ($71.6m), which, according to the company, yielded a 16 per cent return of equity capital. Premium income increased DKr25m to DKr3.181bn. *Hilary Barnes*

# Schering raises full-year forecast

By Sarah Althaus in Frankfurt

Schering, the German pharmaceuticals group, yesterday lifted its earnings forecast for the full year after registering strong growth in profits and turnover in the first half.

The figures were helped by improved foreign exchange rates and acquisitions.

The Berlin-based company said full-year earnings could rise by as much as 20 per cent – revised from 10-15 per cent – after net profits climbed 17 per cent from DM243m to DM285m ($152m) in the first six months. In 1996, net profits were DM362m.

Turnover rose 21 per cent to DM3.1bn, driven by the consolidation of the subsidiaries Leiras, a Finnish specialist in hormone treatments acquired in the second half of 1996, and Jenapharm, the German group which makes contraceptives. Excluding acquisitions, turnover was up 11 per cent.

The company said: "We expect sales to continue to develop favourably in the second half, further supported by the sustained strength of the currencies which are important to us."

Foreign turnover was up 19 per cent, while domestic sales climbed 34 per cent.

The results came in at the upper end of market expectations and the shares edged up DM0.10 to DM210.9.

Growth was strongest in the therapeutics and fertility and hormone therapy sectors, which together comprise about two-thirds of total turnover.

In therapeutics, strong sales of Betaferon, the multiple sclerosis treatment, helped lift turnover 37 per cent to DM921m, in spite of tough competition from a product introduced by Biogen, the US group, last year.

"If you consider how well Betaferon is selling and how well Schering is doing in Germany despite a tough market .. the group's profits forecast for the full year looks very conservative indeed," said Mr Michael Vara, analyst at WestLB Research.

# AMP sees full-year profits of A$2bn

By Elizabeth Robinson in Sydney

AMP, Australia's biggest life group which proposes to demutualise and list before next summer, is on course to report full-year profits of about A$2bn (US$1.5bn), according to Mr George Trumbull, chief executive.

"If the investment markets remain as buoyant around the globe as they have been in the first six months, we would expect a higher profit than A$2bn for the year," he said. "A$2bn is a conservative number."

Last year AMP reported profits of A$2.1bn, up from A$1.9bn the year before.

The company, in its first interim statement, said funds under management had exceeded A$100bn, while new life premiums were 36 per cent higher than a year ago.

Investment revenue was A$7bn.

The group said it was pleased with the progress of PriorityOne, its Australian direct financial services company. The unit, which lost A$39m in its first full year last year, was "operating ahead of expectations" and would enter profit "very soon".

Mr Trumbull said the mortgage market in Australia was very competitive, but added: "we think PriorityOne has been valuable for us".

In the UK – where AMP made an unsuccessful £504m ($807m) bid for Scottish Amicable earlier this year – Pearl recorded a 58 per cent increase in new business, largely on investment bond sales but also helped by a restructuring and improved market conditions.

Mr Trumbull said AMP was looking at other opportunities in the UK.

Virgin Direct, AMP's direct sales joint venture with Virgin, of the UK, now had £1bn under management and more than 200,000 customers. Mr Trumbull said that AMP was looking to expand its operations with Virgin, through extending its range of products and geographical scope.

Although talk of a venture to create a "Virgin Bank" was "speculation", Mr Trumbull said "we're evaluating product extension, which would include doing something in banking".

Cash flow nearly doubled to A$1.4bn, thanks to better-than-expected single premium sales and lower-than-expected surrenders. AMP said it believed the lower level of surrenders was partly a result of the proposals to demutualise.

The group will issue an explanatory note on the demutualisation proposal to its members in late September or October, ahead of an extraordinary meeting on November 20.

If members vote in favour of the A$10bn float, AMP will issue a prospectus for listing in 1998, likely to be before the summer.

"If possible we would like to list in May," Mr Turnbull said.

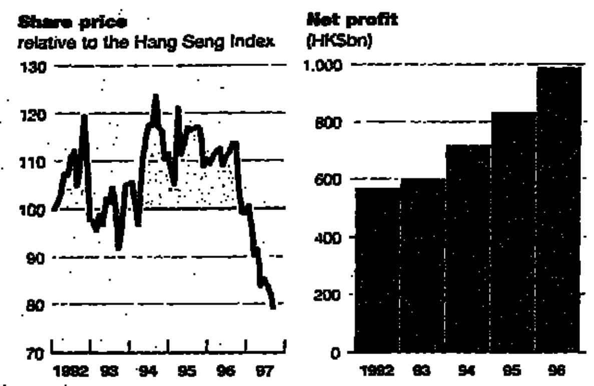
# Swire Pacific ahead 8.5% at six months

PROFILE

**SWIRE PACIFIC**

| | |
|---|---|
| Market value | US$14.0bn |
| Main listing | Hong Kong |
| Historic P/E | 15.6 |
| Gross yield | 2.38% |
| Earnings per share (A) | HK$4.83 |
| Current share price (A) | HK$72 |

Source: Reuter; Datastream/ICV




Chairman: Peter Sutch

By Louise Lucas in Hong Kong

Swire Pacific, the Hong Kong conglomerate, yesterday posted an 8.5 per cent increase in interim net profits from HK$3.05bn a year earlier to HK$3.31bn (US$427m).

Stripping out last year's exceptional profit of HK$468m from the sale of shares in Dragonair, the regional airline, attributable profit in the first six months of 1997 climbed 28.1 per cent.

The results were at the lower end of analysts' expectations, and the company's share price bucked a rising stock market to close 4.2 per cent lower at HK$72.00.

Property, the backbone of Swire's earnings, was lifted by growing rental incomes and higher prices achieved for flat sales. The company benefited from a stronger residential market in Hong Kong, particularly for more up-market units.

Mr Peter Sutch, chairman, said the 315 flats sold in the first half of 1997 at Swire's Island Place development fetched appreciably higher prices than the 376 units sold the previous year.

Rentals from shopping malls and office blocks were also higher. "Net rental income for the half year to June 30 showed satisfactory growth over the corresponding period in 1996 and is expected to strengthen in the second half of 1997," he said.

"This is mainly due to a full contribution from the reinstated areas of the Cityplaza shopping centre, as well as an initial contribution from the Cityplaza One office tower above, which will be completed shortly."

Mr Anil Daswani, conglomerates analyst at Salomon Brothers in Hong Kong, said the sale since the end of the half-year of 103 flats at the newest Floridian development counteracted the weakness in earnings from the airline, and should lead to a stronger second half.

On Wednesday, Cathay Pacific, Hong Kong's de facto flag carrier which is 43.9 per cent owned by Swire, reported interim earnings below expectations of HK$1.07bn, down 3.4 per cent after stripping out the 1996 exceptional gain.

Among Swire's other activities, industries were down year-on-year because of weaker results from Swire Beverages' Coca-Cola operations and from the China activities of Crown Can Hong Kong and Carlsberg Brewery Hong Kong.

Earnings per A share in Swire Pacific climbed 8.8 per cent in the period, from 192.7 HK cents to 209.7 HK cents.

The dividend for A shares is lifted 9 per cent, from 43 HK cents to 47 HK cents.

## ASIA-PACIFIC NEWS DIGEST

# China Everbright buys into Kumagai

China Everbright Holdings, the acquisitive China-controlled conglomerate, is to take a 10 per cent stake in Kumagai Gumi (Hong Kong), the construction and property development group, in a deal worth HK$350m (US$45.5m).

Under the terms of the deal,announced yesterday, Kumagai Gumi issued 42m new shares to Maddington Ltd, a wholly-owned subsidiary of China Everbright Holdings, at HK$8.37 a share. Kumagai Gumi said the placing would allow it to explore joint venture opportunities with China Everbright, while proceeds from the issue will be used for working capital. "It is also intended that a representative from China Everbright will be invited to join the board," the company said.

Shares in Kumagai Gumi rose HK40 cents to HK$9.10 ahead of their suspension pending the announcement, and surged to HK$10.30 following news of the deal.

China Everbright Holdings has three listed subsidiaries in Hong Kong – China Everbright International, China Everbright Technology and China Everbright IHD-Pacific.

*John Ridding, Hong Kong*

■ FORESTRY

## Carter Holt Harvey earnings fall

Difficulties in both export and domestic markets were responsible for a 13 per cent drop, in first-quarter earnings at Carter Holt Harvey, the New Zealand forestry group, to NZ$49m (US$31.3m).

However, the company, which is controlled by International Paper, of the US, said volume increases were realised in most parts of the business, with overall sales rising 3 per cent to NZ$751m. But pressures on price and margins offset gains resulting in earnings before interest and tax of NZ$61m.

Earnings (before interest and tax) of the forest and wood products group were NZ$30m on a 22 per cent rise in harvested logs to 1.8m tonnes. The newly-acquired Australian business performed well. Earnings from the pulp, paper and tissue business were NZ$12m while the packaging division also earned NZ$12m. Associated companies, primarily the Chilean Copec business, contributed NZ$24m.

*Terry Hall, Wellington*

■ TYRES

## Weak yen lifts Sumitomo Rubber

Half-year consolidated pre-tax profit at Sumitomo Rubber, the Japanese tyre manufacturer, jumped 46.6 per cent from last year to Y4.93bn ($41.5m). The company, known for its Dunlop brand of tyres, said worldwide sales grew 2.3 per cent to Y113bn in the six months to June.

Sumitomo forecast a pre-tax profit of Y11bn for the full year, with sales reaching Y242bn. Mr Yoji Morii, managing director, said the sustained earnings growth in the first half reflected the positive impact of the yen's prolonged weakness. Sumitomo also reported increased revenues from tyre sales in spite of continued declines in delivery prices in the domestic market.

"We think tyre prices have hit the bottom," said Mr Morii. But "in terms of unit sales, domestic sales have been lacking growth momentum since April due to the negative impact of the consumption tax rise, and if the downturn in demand results in increases in our tyre inventories, we may have to worry about renewed downward pressure on tyre prices."

*AFP, Tokyo*

# Dragonair may be included in 'red chip' listing

By John Ridding in Hong Kong

CNAC, the commercial arm of China's aviation regulator, might include its stake in Dragonair, the Hong Kong-based regional airline, in the vehicle it plans to list on the territory's stock market later this year.

Mr Zhang Xianlin, CNAC vice-president, said the listed vehicle would include the group's Hong Kong assets, but proceeds from the flotation would not be limited to the territory.

The issue will create one of the most powerful "red chips" – Hong Kong-listed companies controlled by mainland businesses. It follows a series of listings in Hong Kong by mainland municipal authorities and state enterprises.

If CNAC includes Dragonair in its listed vehicle, the move will delay indefinitely a separate listing for the regional carrier. When CNAC acquired a 36 per cent stake in Dragonair last year from Cathay Pacific and Citic Pacific, the companies said they would seek a listing for Dragonair as soon as possible.

However, Hong Kong stock exchange rules prevent new listings from spinning off assets for three years, although there can be exceptions for infrastructure companies.

CNAC said the cautious response to the recent initial public offering by China Eastern airlines would not affect the pricing of its forthcoming issue. It argued that China Eastern was a mainland carrier, while the assets of the CNAC vehicle would be based in Hong Kong.

Mr Zhang's comments came as CNAC and Dragonair signed an agreement to invest HK$1.4bn (US$181m) to develop facilities at Hong Kong's new Chek Lap Kok airport. The facilities will comprise offices and a training centre.

Mr Zhang also dismissed speculation that the company was planning to increase its stake in Cathay Pacific, the territory's de facto flag carrier. Shares in Cathay have been buoyed by rumours that CNAC is set to buy shares from Citic Pacific, the Hong Kong arm of Beijing's flagship investment vehicle, which holds 25 per cent of Cathay following a restructuring of the territory's aviation industry last year.

Mr Stanley Hui, Dragonair chief executive, said the recent decline in the number of Japanese tourists visiting Hong Kong had hurt the airline's performance, but he expected tourist numbers to recover and forecast double-digit earnings growth this year.

# Softbank chief sues publisher

By Bethan Hutton in Tokyo

Mr Masayoshi Son, president of Softbank, the Japanese software company, has launched a defamation suit against the publishers of a book which claims to give inside information on the finances and management of the Softbank group.

The book, *Inside Report on Softbank's Warped Management*, was published last month by Yell Publishing, a small Tokyo-based company. It was written by Softbank employees under a pseudonym.

Mr Son's Y400m ($3.4m) writ against Yell and its president alleges that the book makes incorrect and malicious statements in 184 places.

The plaintiffs are Mr Son and two other senior Softbank executives named in the book; Softbank itself; and MAC, Mr Son's private asset management company, which owns 43 per cent of Softbank.

Yell said yesterday it had confidence in the book's accuracy and was ready to fight the case. It has no immediate plans to reveal the authors' identities.

Fresh copies from the second printing of the book were on sale in Tokyo yesterday, despite the law suit.

In the introduction to the book, which casts doubt on Softbank's financial health, the authors say that it is aimed at investors in Softbank, who ought to know the company's true financial position.

The main criticisms are directed at MAC, which has played a key role in the structuring of Softbank's many acquisitions.

In an effort to rebut the claims, Mr Son has for the first time issued financial statements for MAC. Lack of financial disclosure has been one of the main criticisms of Mr Son's business methods, both by the authors of the book and by other analysts.

By earlier this week Softbank shares, which are listed on the over-the-counter market, had fallen more than 33 per cent since the year's high of Y8,450 in May, with the steepest falls coming in the weeks since the book was published.

The shares closed up Y190 yesterday at Y6,250.

# Alphatec move pleases creditors

By Ted Bardacke in Bangkok

Thai creditors of Alphatec Electronics, the troubled Thai electronics company, said yesterday they were happy that holders of the company's $45m eurobond had decided late on Wednesday not to put the company into default.

"I am very, very pleased," said Mr Sirin Nimmanahaeminda, president of Krung Thai Bank. "This will give the management time to work out a plan that hopefully will result in all creditors getting their money back."

Krung Thai Bank is Alphatec's largest Thai creditor, with some Bt2bn ($63m) outstanding, and had been accused by some former Alphatec executives of obstructing the development of a restructuring plan.

"Don't you think we want our money back too?" said Mr Sirin. "We need that company to be working or it won't be worth more than a tin can."

After a six-hour meeting in Zurich, bondholders gave Alphatec one month to come up with a restructuring plan. If they had called a default, it could have triggered a scramble among creditors for the remainder of the nearly $450m in outstanding domestic and foreign debt and precipitated the collapse of a company that employs 3,500 people.

Outlines of a restructuring plan were presented at the meeting. They include a halving of sales and administrative costs from the third quarter of 1997; the write-off of $326m of overstatements; a $35.6m write-off on the sale of Alphatec USA; and the conversion of half the outstanding debt into equity.

Alphatec projects a net loss of $109m in 1997 and negative equity of $92m. However, it expects to return to profit in 1998, and by 2001 should post after-tax profits of $191m on revenues of just under $1bn.

This depends on the company incorporating two more factories into its assembly and testing facilities, either through building new factories or by consolidating other Alphatec affiliates into the parent company, Alphatec said.

It would also require an equity injection of $150m.

US healthcare group drafts in lawyers for wide-ranging review of practices

# Columbia/HCA announces shake-up

**By Tracy Corrigan in New York**

The new management at troubled hospitals group Columbia/HCA yesterday announced sweeping changes to the company's internal policies and corporate strategy.

The efforts to right the company come because it is under investigation by the Federal Bureau of Investigation and other authorities for its billing practices.

As well as introducing immediate policy changes, Columbia has brought in lawyers and accountants to conduct a wide-ranging review of practices.

It also plans to sell its home care division, which contributed 5 per cent of revenues last year. No value has yet been placed on the business.

As part of an immediate action plan, the company will abandon some of its more controversial practices, including its policy of selling interests in its hospitals to doctors.

Columbia will unwind any existing interests, the company said.

It will also increase the level of disclosure in its cost reports submitted to Medicare, the government programme, exceeding required disclosure levels.

Medicare billing has been a focus of the investigation by US authorities. Three Columbia officials were indicted in Florida last week, on charges of defrauding the Medicare programme of $1.76m.

The company will also change its compensation structure to eliminate short-term cash incentives, in order to "remove any appearance of pay being tied to short-term objectives," said Mr Thomas Frist, the new chairman and chief executive officer, who took over less than two weeks ago.

Mr Jack Bovender, the newly appointed president and chief operating officer, said that his guideline had been "what would a reasonable person think about some of these things."

He added that the changes do "not imply that we have found wrong doing or a series of errors ... One of the most important things we will be doing in the coming months is to investigate past practices and get recommendations about new policies."

The company has retained law firm Latham & Watkins and accounting firm Deloitte & Touche to conduct a review of practices and formulate new policies, as well as for "working with government to resolve outstanding issues."

Mr Frist, appointed following the ousting of founder, Mr Richard Scott, said that wanted to "make changes that will institutionalise a corporate culture that emphasises universal values of integrity, openness and co-operation."

He said there would be a change of emphasis away from rapid growth.

The company would abandon its previous strategy of developing a national brand and return to an emphasis on local community services.

Mr Scott had built the company from scratch in 10 years to become the largest US hospitals company.

# US-based group clones calf

**By Nikki Tait in Chicago**

First there was Dolly, the cloned sheep. Now there is Gene, the calf.

ABS Global, the Wisconsin-based cattle-breeding and biotechnology company which was formerly part of the W. R. Grace group, yesterday announced it had successfully cloned a bull calf, using primordial stem cells from a 30-day-old calf foetus.

As the six-month-old calf was displayed to the world yesterday at the company's DeForest headquarters, ABS Global said that it was setting up a new subsidiary, Infigen, to commercialise the technologies. It claims that its process could be an efficient means of producing large numbers of cloned cattle.

According to Mr Marc van't Noordende, ABS chief executive, the cloning technologies could "offer tremendous promise for enhancing the quality, consistency and nutritional value of dairy and beef products".

For example, ABS cited the possibility of inserting a foreign gene into an animal's genetic material, so that a desired protein level could be produced in cows' milk. This animal could then be cloned to produce herds of cows, capable of producing large quantities of the transgenic product.

In essence, the ABS cloning process involves taking cells from a 30-day-old calf foetus; introducing growth-promoting proteins; and allowing cells to develop. The cloning of Dolly and Polly – a transgenic lamb – differed in that the cells were taken from an adult sheep.

Dolly, a grown sheep cloned by Scottish scientists using DNA from an adult animal, prompted international debate over the ethics of the procedure.

Since then, Polly has also been produced using cloning technologies by PPL Therapeutics in Edinburgh – and, like Gene, holds stronger commercial possibilities.

Cloning of cattle is not entirely new, but scientists have struggled to make the process reliable and commercially viable, finding genetic engineering easier with sheep.

ABS, which has been involved in cattle cloning for a decade, said that it was currently seeking partners to collaborate with Infigen. "Infigen intends to form relationships with other organisations to capitalise on the dairy cow's ability to produce milk protein in significantly larger volumes than smaller animals, such as sheep or goats," the company said.

Meanwhile, in Tokyo, a Japanese farm group said it had developed a new cloning technology that could produce up to 200 carbon-copy cattle from a single fertilised egg.

The National Federation of Agricultural Co-Operative Associations in Japan said that a cow had given birth on on Wednesday to a male calf produced using the new method – Japan's first home-grown cattle cloning technology.

The technique grows cultures of a fertilised egg, from which cell nuclei are taken and transferred to unfertilised eggs.

The world's second cloned cow, born in Japan on Tuesday AP

# Acquisitions help Sara Lee to 10% advance

**By Nikki Tait**

Strong profits growth in its packaged meats and food service businesses, boosted by acquisitions, helped Sara Lee, the Chicago-based food and consumer products group, to post a 10.1 per cent increase in full-year profits after tax to $1bn.

The company – whose brands range from Hanes hosiery to Douwe Egberts coffee and Jimmy Dean meat products – said sales in the fourth quarter to June rose 6.5 per cent, to $4.93bn. Sales for the year increased 6 per cent, to $19.7bn.

The final quarter was relatively strong, with net income advancing by 7.8 per cent, to $280m.

Earnings per share for the year were 10.9 per cent higher, at $2.03.

The strongest gains came in the packaged meats and bakery division, where sales rose 15.4 per cent in the final quarter and 16.6 per cent for the year, to $7.6bn. Operating income for the year was up 12.8 per cent, at $476m.

Sara Lee said the fourth quarter was bolstered by the newly-acquired Aoste company in France, but that double-digit profit gains had been registered in the packaged meats and food service businesses during both the final quarter and the full year – even before the impact of acquisitions.

By contrast, the bakery business saw weaker sales and profits, with worldwide unit volumes falling 4 per cent in the fourth quarter and 5 per cent over the year. Sara Lee blamed sluggish purchases of frozen baked goods in its core domestic market.

The coffee and grocery division saw a more modest 2.9 per cent rise in operating profits, at $440m, for the full year. Sales fell 2.9 per cent to $2.81bn, although this was blamed largely on currency movements. Sara Lee said that in local currency terms sales were up and profits increased more than 10 per cent.

On the personal products side, there was a 4.4 per cent increase in operating profits to $761m, while sales were 1.5 per cent higher at $7.48bn.

The company said that gains were particularly marked for its Bali, Playtex, and Dim apparel brands.

Sales in the household and body care division were flat at $1.84bn, and operating profits 8.4 per cent higher at $228m – again depressed by currency movements.

The bottom-line result also benefited from a lower interest charge, down from $173m a year ago to $159m.

# US mutual fund inflows show return to strength

**By John Authers in New York**

Sale of US mutual funds have resumed a record-setting pace, according to estimates for July published yesterday by the Washington-based Investment Company Institute, the main trade association for the fund management industry.

New investments in equity mutual funds exceeded redemptions by $23bn, according to the institute. This is the biggest inflow since January, when stock funds took in a total of $29.1bn.

However, the July number is more impressive and surprising, as the industry is heavily seasonal and January's figures are always swelled by investors taking the opportunity to shelter end-of-year bonuses in tax-efficient investment products. Last July, when the stock market had taken a downward turn, equity funds took in only $5.75bn.

Bond funds, which have generally failed to share the strength enjoyed by equity funds, had their best month for more than a year, registering a net flow of $4bn, almost double the figure for June.

Business is usually slow during July, and the month's prolonged rally in the US stock market, which saw the Dow Jones Industrial Average pass 8,000 for the first time, was seen as the main factor behind the industry's strong sales, with funds attempting to match the index remaining popular.

There are also signs of a significant improvement for Fidelity Investments of Boston. Fidelity, which is still comfortably the largest US mutual fund manager, suffered a serious fall in its share of new cash flow last year, following negative press coverage of a sharp drop in the performance of some of its best-known funds, particularly the $63.5bn Magellan fund.

According to Alpha Equity Research of New Hampshire, which has been a persistent critic of Fidelity over the last year, the company's ten largest funds achieved $1.01bn of net inflows in July, following inflows of $556m in June.

Most of the funds are now fully invested in equities – after unfortunate strategic shifts into bonds – and have returned to the company's traditional style of aggressive stock-picking.

Magellan, however, is still suffering net outflows of cash, although these have almost tapered off. Last month it shed $285m, and so far this month, according to Alpha Equity, has shed $9.5m.

## AMERICAS NEWS DIGEST

# YPF shrugs off tax rise

YPF, Argentina's biggest oil and gas producer, lifted second-quarter net income 3 per cent from the same period last year to $227m, ahead of most analysts' expectations. Mr Roberto Monti, chief executive, said the improvement was achieved in spite of lower crude prices and a higher tax burden. First-half net income was 23 per cent ahead at $451m, taking net earnings per share to $1.28 from $1.04.

Operating income for the first six months was 23 per cent ahead at $894m, helped by increased production, higher sales of diesel, natural gas and lubricants, and lower exploration costs. The company's income tax bill for the first half was 68 per cent higher than the first half of last year at $256m, due to the exhaustion of tax-loss carry-forwards.

"This is a very positive result," said Mr Hernán Ladueix of ING Barings. "The company is meeting its targets and has cut refining and exploration costs. We are expecting net income for the year to reach around $910m, depending on what happens to oil prices."

The company hoped to become more active in Brazilian upstream activities in partnership with Petrobras, the Brazilian state oil concern, Mr Monti said. In April, YPF agreed a $500m natural gas venture with Petrobras and Dow Chemical, of the US. Petrobras and YPF also aim to launch jointly-owned petrol stations in both countries.

*Ken Warn, Buenos Aires*

■ ENERGY

## Financing costs hurt Gulf Canada

Gulf Canada Resources, weighed down by the cost of financing recent acquisitions, yesterday reported a C$10m (US$7.7m) loss in the second quarter, compared with a profit of C$6m last year. Gulf's financing costs in the second quarter almost doubled to C$58m from C$32m in 1996. Gulf completed its acquisition of North Sea producer Clyde Petroleum last quarter, and shortly after announced it was buying Stampeder Exploration, a Canadian group with assets and expertise in heavy oil.

Revenues for the quarter were C$342m, up from C$217m, and cash flow generated from operations rose to C$106m, compared with C$87m in 1996. Gulf's earnings for the first half of 1997 were $2m.

Mr J.P. Bryan, president and chief executive officer, said Gulf would focus on extracting value from its Indonesian assets. The company is continuing to prepare for an initial public offering of about 20 per cent of its Indonesian subsidiary. Projected proceeds from this and other asset sales will be used to reduce net debt to a targeted year-end level of approximately C$2.2bn. At the end of the second quarter, short-term obligations totalled C$1bn and long-term debt reached C$1.6bn.

*Scott Morrison, Vancouver*

■ INVESTMENT

## Schwab targets IPOs

The strong market for initial public offerings continues to drive strategic alliances between investment banks and large retail brokers. Yesterday, San Francisco-based Charles Schwab, the largest US discount broker, confirmed it had held discussions with several large investment banks over possible deals that would offer customers the opportunity to buy stock in companies as they float. Customer interest in investing in IPO stocks is high after several recent offerings, such as Yahoo!, the internet search company, and Polo Ralph Lauren, the fashion house, saw sharp rises in their share price on flotation.

Schwab said any definite agreements were still weeks away, and the company had held talks with several possible partners. The talks follow January's announcement of an exclusive agreement between Salomon Brothers, the Wall Street investment bank, and Fidelity Investments of Boston, which runs a large discount brokerage, to allow Fidelity clients to participate in IPOs run by Salomon. The merger between investment bank Morgan Stanley and brokerage firm Dean Witter Discover, completed in May, also allowed shares in IPOs to be offered through a big network of retail brokers. *John Authers, New York*

■ CINEMA

## Cineplex Odeon hit by film costs

Cineplex Odeon, Canada's largest cinema operator and one of the biggest in North America, has reported a net loss of US$14.6m in the second quarter, compared with a loss of US$11m last year. Revenues for the quarter increased 8 per cent over last year to US$127.2m. With Cineplex's box office receipts up 6 per cent for the quarter, the company outperformed the industry, which averaged a 2.9 per cent rise, but an increase in film costs affected the company's earnings before interest and taxes.

*Scott Morrison*

■ ENTERTAINMENT

## Disney plans virtual reality venue

Disney is to head into the central Chicago entertainment market with a 75,000 sq ft interactive "virtual reality" venue, to open in 1999. The Chicago property, which will be built close to the city's main shopping area, will be one of two new "DisneyQuest" facilities. The other, at Orlando in Florida, will open in the summer of 1998. Disney said yesterday that it expected subsequently to open further sites both within and outside the US. The "DisneyQuest" idea, which will give visitors a choice of virtual reality entertainment options, is being launched by the company's Disney Regional Entertainment arm.

*Nikki Tait, Chicago*

■ PERSONAL COMPUTERS

## Grupo Carso takes Apple stake

Grupo Carso, the conglomerate controlled by Mr Carlos Slim, Mexico's richest man, has taken a 3 per cent stake in Apple Computer, the US personal computer company. Carso sources said the investment was temporary and speculative one, and had benefited from the rise in Apple shares following the company's surprise alliance with Microsoft this week. *Daniel Dombey, Mexico City*



Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 08.08.97 | Final Prices for Trading on 11.07.97

| ½ hour period ending | Pool purchase price £/MWh | Pool purchase price £/MWh | Pool selling price £/MWh | TS use of system price £/MWh |
|---|---|---|---|---|
| 0030 | 12.01 | 12.33 | 12.56 | 1.10 |
| 0100 | 12.01 | 10.01 | 10.01 | 0.00 |
| 0130 | 12.01 | 10.00 | 10.00 | 0.00 |
| 0200 | 12.01 | 10.00 | 10.00 | 0.00 |
| 0230 | 12.01 | 10.00 | 10.00 | 0.00 |
| 0300 | 12.01 | 10.00 | 10.00 | 0.00 |
| 0330 | 11.87 | 9.20 | 9.20 | 0.00 |
| 0400 | 11.87 | 9.20 | 9.20 | 0.00 |
| 0430 | 11.87 | 9.20 | 9.20 | 0.00 |
| 0500 | 12.01 | 9.20 | 9.20 | 0.00 |
| 0530 | 11.86 | 9.20 | 9.20 | 0.00 |
| 0600 | 11.86 | 9.20 | 9.20 | 0.00 |
| 0630 | 14.85 | 10.00 | 10.00 | 0.00 |
| 0700 | 15.05 | 10.05 | 10.05 | 0.00 |
| 0730 | 15.28 | 12.32 | 12.56 | 1.10 |
| 0800 | 15.86 | 17.89 | 18.13 | 1.10 |
| 0830 | 15.78 | 18.28 | 18.50 | 1.10 |
| 0900 | 16.09 | 17.98 | 18.25 | 1.10 |
| 0930 | 16.77 | 18.28 | 18.57 | 1.10 |
| 1000 | 18.12 | 20.17 | 20.49 | 1.10 |
| 1030 | 18.13 | 20.31 | 20.66 | 1.10 |
| 1100 | 18.13 | 23.98 | 24.35 | 1.10 |
| 1130 | 18.43 | 24.06 | 24.45 | 1.10 |
| 1200 | 18.43 | 21.89 | 22.28 | 1.10 |
| 1230 | 26.19 | 21.14 | 21.51 | 1.10 |
| 1300 | 26.18 | 20.96 | 21.28 | 1.10 |
| 1330 | 18.39 | 18.02 | 18.29 | 1.10 |
| 1400 | 16.76 | 17.83 | 18.16 | 1.10 |
| 1430 | 16.76 | 17.91 | 18.15 | 1.10 |
| 1500 | 16.76 | 17.89 | 18.13 | 1.10 |
| 1530 | 16.76 | 17.88 | 18.12 | 1.10 |
| 1600 | 16.76 | 17.22 | 17.45 | 1.10 |
| 1630 | 16.76 | 17.22 | 17.46 | 1.10 |
| 1700 | 16.17 | 17.22 | 17.46 | 1.10 |
| 1730 | 16.17 | 17.21 | 17.45 | 1.10 |
| 1800 | 16.12 | 17.20 | 17.44 | 1.10 |
| 1830 | 16.17 | 17.21 | 17.44 | 1.10 |
| 1900 | 15.86 | 16.82 | 17.05 | 1.10 |
| 1930 | 15.78 | 16.82 | 17.05 | 1.10 |
| 2000 | 15.35 | 16.82 | 17.05 | 1.10 |
| 2030 | 15.35 | 16.82 | 17.05 | 1.10 |
| 2100 | 15.35 | 16.82 | 17.05 | 1.10 |
| 2130 | 17.94 | 16.82 | 17.05 | 1.10 |
| 2200 | 17.94 | 16.82 | 17.05 | 1.10 |
| 2230 | 17.94 | 24.89 | 25.12 | 1.10 |
| 2300 | 17.94 | 24.89 | 25.12 | 1.10 |
| 2330 | 15.29 | 22.68 | 22.91 | 1.10 |
| 2400 | 15.19 | 12.24 | 12.47 | 1.10 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. The Transmission Services Use of System Price (TSP) is charged by the National Grid Company plc (NGC) for the operation and development of its electricity transmission system for the purpose of optimising the costs arising from the operation of that system. Charges are calculated by NGC and are based on payments made by NGC into the pool. TSP is also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool and on TSP on behalf of NGC by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8.30am and 5.15pm Monday to Friday.
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# Eidos and auditors part company

By Jim Kelly

Eidos, the world's third largest developer of computer games software, has been dropped by its auditors after failing to implement fully the corporate governance code laid down by the Cadbury report.

Coopers & Lybrand, one of the Big Six audit firms, confirmed yesterday that it would not stand for reappointment at the UK company, where it has been auditor since 1994, because of "certain inadequacies in the company's corporate governance practices".

Eidos, which recently reported a 20-fold increase in turnover to £75.6m ($123m) for the year to March 1997, said the problems reflected "growing pains" at the company where staff has increased from 60 to 500 in 18 months. Eidos has a US listing and offices in California and Europe.

Coopers & Lybrand's action is a rare public instance of an auditor dropping a client. It was paid £113,000 in fees for 1996-97 for audit and other services. It is understood the firm doubted the commitment of Eidos to rectify the shortcomings, though there is no suggestion of any financial irregularities in the accounts.

The case comes in the week that Sir Ronald Hampel published his proposals for the future of corporate governance, including the insistence that all companies of whatever size should seek to maintain the same standards.

Eidos shareholders will be asked to appoint KPMG, another Big Six firm, as the company's new auditors. KPMG said it had discussed the problems with Eidos' directors, financial and legal advisers and with Coopers & Lybrand.

"These discussions proved satisfactory and the directors of Eidos have committed to remedy as quickly as possible all the corporate governance shortcomings refered to in the 1997 annual report," it said.

This year's accounts puts Eidos' corporate governance problems – such as the failure to review the effectiveness of internal financial controls - down to "corporate acquisition activity" and "fund-raising" involving "key directors".

Last year's accounts said the board had decided not to implement the code "at this stage of the group's development" because of the small size of the business at that time and its "limited resources".

This year's accounts, which have been posted to shareholders, listed several shortcomings. "The board is yet to implement formal procedures for conducting its business," it said. The group also has no formal procedures to select non-executive directors.

Eidos adds that it "fully supports the highest standards in corporate governance" and that shortfalls will be "remedied as soon as practically possible".

It lists several remedial actions it has taken to check risks, such as an exercise to "enhance systems to manage the key risks indentified" and progress in producing a code of ethics.

# Strong pound hits Reed Elsevier

By Raymond Snoddy

Operating profit growth at Reed Elsevier, the Anglo-Dutch media and information group, came virtually to a halt in the first half because of the strong pound.

There was a £36m ($58.7m) negative effect on the company, which does a large part of its business in the US. Operating profits of continuing businesses rose only 1 per cent to £446m, but growth was 10 per cent at constant exchange rates.

Reed's shares dropped 40p or 6.3 per cent to close at 590p in a stock market that rose 1.2 per cent.

Mr Nigel Stapleton, co-chairman, emphasised yesterday that the currency impact was on the translation into sterling and did not affect the underlying performances of the businesses.

The strengthening of the pound against the guilder also contributed to considerable disparity between the results of the two sides of the business.

"It's a tale of two cities – London and Amsterdam," Mr Stapleton added.

For Reed International, the UK arm, earnings per share were 14p (14.05p) – up 9 per cent at constant exchange rates – and the interim dividend rises 7 per cent to 4.4p.

At Elsevier, earnings per share were up 21 per cent to Fl 0.69 - up 9 per cent at constant exchange rates. The interim dividend goes up 45 per cent to Fl 0.29.

Overall in the six months to June 30, Reed Elsevier had sales of £1.66bn, a fall of 1 per cent. Pre-tax profits edged up from £416m to £419m.

The company has made it clear that margin growth will be constrained for a time by the investments being made in electronic publishing initiatives.

Reed Travel reported a 21 per cent fall in operating profit on a revenue decline of 6 per cent.

In scientific publishing operating profit increased 16 per cent at constant exchange rates.

## NEWS DIGEST

# Royal & Sun beats forecasts

Royal & Sun Alliance yesterday expressed disappointment and surprise at being publicly castigated by the Personal Investment Authority over the pensions mis-selling scandal. The PIA said on Wednesday that it was "not satisfied" that the composite insurer had met the first deadline in the pensions review timetable.

Mr Roger Taylor, executive deputy chairman, said: "We submitted our figures earlier this week and the PIA responded with a press release." He added: "We are taking all reasonable steps to work with the PIA".

The contretemps occurred as the company reported higher than expected interim operating profits, up 11 per cent to £501m ($816m). Excluding a currency effect of £25m, the increase would have been 18 per cent.

The shares rose 23p to 545¼p, an all-time high, as analysts moved to upgrade their full-year forecasts.

Net assets per share rose 9 per cent to 433p on June 30, and had increased to 455p by August 4.

The improvement in profits came from a surprisingly good underwriting result, as losses narrowed by £51m to £81m – compared with losses of £132m – because of an underwriting profit in the second quarter.

The company singled out the general insurance business in the US as a "star turn", as operating profits jumped from £48m to £92m, thanks to lower disaster losses.

*Charis Gresser*

## Zeneca warns on launch costs

Strong growth of new product sales offset the impact of sterling to take first-half profits above analysts' forecasts at Zeneca, the UK's third largest pharmaceuticals company. However, the company warned that new drug launches would prove costly in the second half, and the shares rose only 6p to £20.52½p. Launch costs would reduce profit margins by between 2 and 2.5 percentage points. Pre-tax profits for the six months to June 30 were £669m, compared with £610m a year ago.

Speaking after yesterday's interest rate rise, Sir David Barnes, chief executive, warned: "If sterling gets even stronger, it's going to be tougher in the second half."

Operating profits at Salick, the US cancer clinic chain fell 25 per cent to £3m on sales of £62m, up 20 per cent.

## Mersey Docks advances 59%

Mersey Docks and Harbour, the ports and cargo handling group, yesterday brushed aside the continuing industrial dispute with 329 dismissed dockers to announce a 59 per cent rise in interim pre-tax profits.

In the first six months, cargo volumes through Liverpool continued to rise from 15.1m to 15.5m tonnes. At Medway, cargo rose from 1.14m to 1.31m tonnes. Increased volumes helped to lift pre-tax profits from £13.9m to £22.2m ($36.2m) on turnover up 13 per cent to £82.2m. Much of the profits rise came from the closure of the lossmaking Eurolink Ferry service, which operated passenger and freight services from Kent to the Netherlands. In its Irish Sea activities, the company said it was disposing of its 50 per cent interest in Merchant Ferries at "approximately the original cost".

## July boost for Eurotunnel

Eurotunnel yesterday unveiled traffic figures for July showing its Le Shuttle Tourist service carried 234,073 vehicles, including coaches, 53,343 more than in June and nearly as high as last year's July total of 240,129.

July was Eurostar's best month to date. An extra 127,329 passengers were carried, up 24 per cent on the previous month, and 23 per cent higher than in July 1996.

# Rank at bottom of City forecasts

By Scheherazade Daneshkhu

Shares in Rank Group lost 8 per cent of their value yesterday after the diversified leisure company reported an unexpected drop in its trading performance and interim results at the bottom of expectations.

Even the news of an increased share buy-back, possibly beginning today, and a £100m ($163m) property sale were unable to buoy the shares which fell 30½p to 340p.

The £250m share buy-back pledged earlier this year would be increased by some £350m – to the maximum 10 per cent of its equity approved by shareholders in April, Rank said yesterday.

Rank has agreed a sell some of its property portfolio – mainly bingo halls and cinemas – to British Land. Under a joint-venture agreement it will lease back the properties which are to be managed by British Land. Sales could eventually amount to £250m.

Mr Andrew Teare, chief executive, said he was disappointed at the company's performance. "Today's results don't demonstrate much reward for the changes that Rank is going through at the moment," he said. "The market is hungry for instant results. It's not getting them today but the benefits will flow through next year."

Jeff Jones

Andrew Teare: market is hungry for instant results

He held out the promise of another share buy-back next year, saying it would be kept under review.

Mr Greg Feehely, analyst at Deutsche Kleinwort Benson said: "Rank's strategy is still in a state of flux and is taking longer to deliver than anticipated." A 3 per cent earnings enhancement in 1999 produced by the buyback was not going to excite investors, he said.

Pre-tax profits fell £144m to £85m in the six months to June 30. They fell from £99m to £87m before an exceptional £2m loss this year on disposals.

Profits were dragged down by a 22 per cent fall in video duplication volumes because of a quiet period for film releases.

Trading at Hard Rock cafés, the international themed hamburger chain, was also disappointing after higher-than-expected costs of absorbing recently acquired cafešs and trading disruption caused by construction.

# SB spins off some patents to new company

By Daniel Green

SmithKline Beecham, the UK's second-largest pharmaceuticals company, is taking the unusual step of spinning off some of its technology into a new biotechnology company.

It is handing over a portfolio of patents and some laboratory equipment in return for a 10 per cent stake in the company, called Adprotech.

Some £5m ($8.15m) in cash is coming from three venture capital companies: 3i, the Prelude Trust and Alta Berkeley. These three will have 55 per cent of the company between them and each will have a non-executive directors on the board.

The spin-off is led by Dr Janet Dewdney, 62, who retired as director of SmithKline's biotechnology division last year.

She is chairman and her chief executive is Mr Ed Dart, 56, former director of research and development at the seeds division of UK pharmaceuticals company Zeneca.

Other non-executive directors are Mr James Noble and Mr John Gordon, former finance and research directors at British Biotech, the UK's largest biotechnology company.

SmithKline is prepared to let the patents go because they do not form a core part of its research activities, said Dr Dewdney.

SmithKline has over the past five years changed from a pharmaceuticals company making medicines into a healthcare company providing a range of services in drug distribution, insurance claims management and laboratory testing.

"It is part of a wider outsourcing move as the company broadens from a focus on drugs to a wider role in healthcare," Dr Dewdney said. "It's part of a more flexible balance between internal and external drug research."

That had left some research programmes in need of "ring fencing and focus to succeed," she said.

Adprotech's patents cover proteins called complements that play a role in the body's immune system.

It hopes to use the technology to develop treatments for a range of conditions including strokes, multiple sclerosis and heart disease.

The company does not plan to take its discoveries to market alone. SmithKline will be a "preferred partner" for any drugs developed by the new company but it does not have a right of first refusal.

# A winner at the technical tape

**Virginia Marsh** gets wrapped up in Scapa's expanding adhesives business

As you fly off on holiday this summer, you may think the aeroplane taking you to your spot in the sun is held together by nuts and bolts. In fact, says Mr David Dunn, chief executive of Scapa Group, these days some of it will be fastened by adhesive tapes.

The $5.5bn world technical tapes market is growing at 5-8 per cent a year as industries as diverse as car manufacturing, leisure and healthcare turn to this rapidly evolving technology.

Uses range from the brightly coloured, protective variety that is wrapped around a hockey stick through to nicotine patches and the heat-resistant, low-smoke tapes found in London Underground's electrical cabling.

Growing acceptance of tapes is good news for Scapa. A low profile FTSE 250 company, based in Lancashire, it is the world number three in technical tapes, after getting into the sector almost by accident just a decade ago – it bought a tapes business as part of another acquisition.

It hopes expansion in tapes will compensate for slower growth in its mature paper-related businesses, its traditional staple. The world market for paper machine clothing and roll covers is some $3.5bn and is expected to grow at a more modest 2-3 per cent a year.

Scapa's purchase of a technical tapes business from Sellotape last month, for up to £43.7m – the latest in a string of acquisitions – almost doubled the group's market share in Europe to 14 per cent.

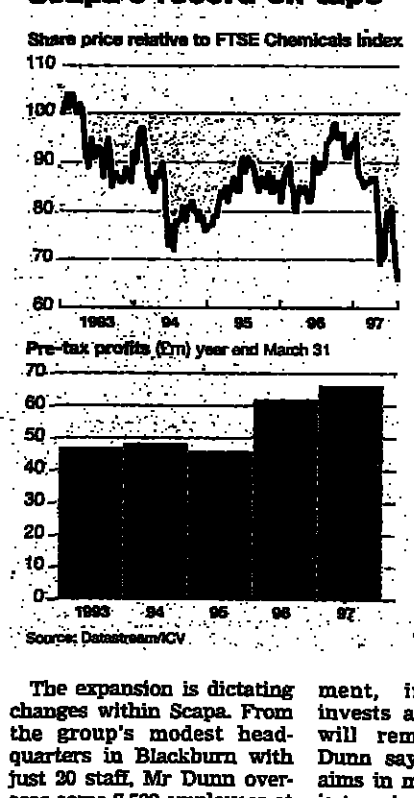
This puts it well on the way to meeting a target of at least 10 per cent of a world market dominated by 3M of the US. Beiersdorf, the German company best known for its Nivea brand, is the number two player.

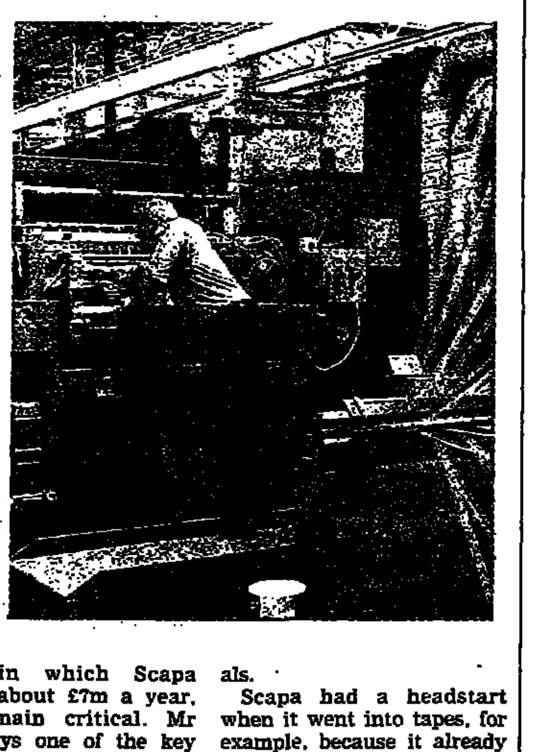
The group does not publish separate figures for tapes which are added to speciality materials to form one of the company's two divisions.

This produced 52 per cent of group turnover of £526.8m in 1996-97, up from 41 per cent of turnover of £300.2m five years earlier. The division contributed 40 per cent, or £30.2m, to operating profits of £75.8m last year.

Mr Dunn expects papermaking products and services, the other division, eventually to account for a third of turnover, down from close to half at present.

**Scapa's record on tape**



The expansion is dictating changes within Scapa. From the group's modest headquarters in Blackburn with just 20 staff, Mr Dunn overseas some 7,500 employees at 70 subsidiaries, manufacturing in 17 countries, ranging from Malaysia to Canada.

Central functions, such as raw material purchasing and marketing and distribution, are being combined as the group builds up its corporate identity and the Scapa brand name.

Research and development, in which Scapa invests about £7m a year, will remain critical. Mr Dunn says one of the key aims in making acquisitions is to gain new technologies.

Mr Ian Sayers, manager of the Advanced Products Division which recently won a Queen's Award for Technology, says the group is adding 12-18 patents a year to the 150 patents and patent applications it already holds.

Although the group's businesses appear disparate, they share six core technologies and many raw materials.

Scapa had a headstart when it went into tapes, for example, because it already used adhesives in its paper roll covers business. Equally, fibres such as acrylics and polymers are used across the group, not just in specialty materials.

Along with tapes, the latter is slated for expansion. Among other things, this business – currently undergoing a review – produces industrial filters. Like tapes, this market is growing strongly worldwide, thanks to stricter environmental legislation.

Analysts rate Scapa's management and strategy highly but its share price has plummeted as the pound strengthened. The company is less vulnerable than some because there are few substitutes for its products.

But the translation impact of the strong pound means this year's earnings – more than two thirds of which are generated overseas – are likely to be flat.

"In the not too distant past, we've had to deal with the pound at $2.50 and at almost parity to the dollar," says Mr Dunn. "What manufacturers in this country would like most of all is some stability."

## RESULTS

| | | Turnover (£m) | | Pre-tax profit (£m) | | EPS (p) | | Dividends: Current payment (p) | Date of payment | Corresponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Barclays | 6 mths to June 30 | - | (- ) | 1,271♠ | (1,270♥) | 59.2‡ | (55.3 ) | 13.5 | Oct 2 | 11.5 | - | 31.5 |
| Cathay Intl | 6 mths to June 30 | 12 | (13.3 ) | 0.321* | (1.69 ) | 0.05 | (0.13 ) | - | - | - | - | - |
| KBC Advanced | 6 mths to June 30 | 15.9 | (12.4 ) | 3.62 | (2.71 ) | 5.08 | (4.25 ) | - | - | - | - | - |
| Liberty Intl | 6 mths to June 30 | 129 | (98 ) | 61.8♥ | (56.1♥ ) | 13.41 | (13.15 ) | 8 | Oct 7 | 7.25 | - | 16 |
| Linden | 6 mths to June 30 | 20.2 | (17.5 ) | 1.36 | (0.145L) | 6 | (0.8L ) | 2.25 | Oct 31 | - | - | - |
| Mersey Docks | 6 mths to June 30 | 82.2 | (72.8 ) | 22.2♥ | (13.9 ) | 17.55 | (10.7 ) | 4.5 | Oct 30 | 4 | - | 12.75 |
| Rank | 6 mths to June 30⧖ | 856 | (940 ) | 85 | (144♥ ) | 6.7 | (12 ) | 5.25 | Oct 10 | 5 | - | 17 |
| Robert Walters | 6 mths to June 30 | 36.8 | (19 ) | 3.28 | (1.67 ) | 8.8† | (4.9 ) | 1.3 | Nov 6 | 1.6 | - | 3 |
| Reed Elsevier | 6 mths to June 30 | 1,678 | (1,700 ) | 419 | (417 ) | 14.5♦ | (14.55♦) | 4.4♦ | Oct 6 | 4.125* | - | 13.6* |
| Royal Dutch/Shell | 6 mths to June 30 | 52,938 | (53,438) | 2,486‡‡ | (2,928‡‡ ) | 9.3†‡ | (10.9‡ ) | - | - | - | - | 18.45** |
| Royal Sun Alliance | 6 mths to June 30 | 4,624☐ | (4,883☐) | 556 | (503♠ ) | 23.5† | (22 ) | 7.15 | Dec 1 | 6.5 | - | 19 |
| Telewest Comms | 6 mths to June 30 | 181.4 | (133.5 ) | 142.3L | (117.5L) | 10L | (8.3L) ) | - | - | - | - | - |
| Zeneca | 6 mths to June 30 | 2,752 | (2,940 ) | 669 | (610 ) | 47.3 | (42.9 ) | 13.5 | Nov 3 | 12.5 | - | 35 |

| Investment Trusts | | NAV (p) | | Attributable Earnings (£m) | | EPS (p) | | Current payment (p) | Date of payment | Corresponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Central European $ | 6 mths to June 30 | 129.1 | (115.8 ) | 2.48L | (- ) | 1.17L | (- ) | - | - | - | - | nil |

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. ‡On reduced capital. †On increased capital. ⧖Comparatives pro forma. ♦Figures for Reed International; Elsevier earnings were Fl 0.69 (Fl 0.57) and interim dividend Fl 0.29 (Fl 0.2). *Adjusted for share subdivision. ☐Net premiums written. ‡‡Net income. ‡Figures for Shell Transport; Royal Dutch earnings were Fl 2.25 (Fl 2.19). **Adjusted for scrip issue. $US currency.

## INTERNATIONAL CAPITAL MARKETS

# UK gilts take rate rise in their stride

GOVERNMENT BONDS

**By Samer Iskandar in London and John Labate in New York**

UK gilts showed the best performance among the main European bond markets yesterday, in spite of the Bank of England's decision to raise its base rate by 25 basis points to 7 per cent.

The gilt market took the widely-expected tightening in its stride, and traders chose instead to focus on signs of a slowdown in consumer spending.

The September long gilt future rose ¼ to settle at 115$\frac{4}{32}$, after reaching a high of 115$\frac{18}{32}$ during the session. In the cash market, the 10-year benchmark gilt gained $\frac{7}{16}$ to 101¾, its yield spread over the equivalent bund tightening by 6 basis points to 144 points.

Short-term interest rates also reacted positively. The December short sterling contract closed 0.14 higher at 92.69.

Analysts predicted the rise in the base rate would be the last for a while. "The markets have decided that the Bank of England has done everything it considers necessary for the moment," said one bond trader.

Gilts were also supported by the Confederation of British Industry's Distributive Trades Survey, which showed that retail sales had fallen below retailers' expectations in July. "The growth in retail trade eased a little in July," said Mr Sudhir Junankar, a CBI economist. "Upward momentum in consumer demand remains firmly under control."

HSBC Markets economists also pointed out that growth of notes and coins in circulation was slowing. "The boost to retail spending from the windfall payouts will be a relatively short-term phenomenon," one said.

Most European bonds were pulled higher initially by the bullish gilt market, but later reversed their gains to close unchanged or slightly lower.

Traders in London and Paris said continental European bond markets were hit by a rumour that Mr Helmut Kohl, the German chancellor, had died. Although the rumour was officially denied within minutes, the markets failed to recover.

"In a thin market like we usually have in the summer, even the silliest rumour can have a disproportionate effect," said one trader in Paris.

**GERMAN BUNDS** ended the day slightly lower. In London the September bund future reached a high of 102.17 in early afternoon, before falling to close at 102.02, down 0.02.

**FRENCH OATs** also fell. The September notional future closed 0.14 lower at 129.34. In the cash market the 10-year benchmark OAT fell 0.16 to 98.99. The 10-year yield spread of bunds over OATs tightened by 1 basis point to 6 points.

**US TREASURIES** were flat early yesterday, prior to the week's final large auction of new bonds. The benchmark 30-year bond was unchanged at 101¾ by early afternoon, yielding 6.477 per cent, as traders awaited the sale of $10bn in new 30-year bonds.

The two-year note was also unchanged, yielding 5.891 per cent, while the 10-year note rose $\frac{4}{32}$ to 99¾, its yield falling to 6.184 per cent.

Weekly employment data showed that new benefit claims had risen by 25,000, a smaller than expected increase.

"We've had three low weeks of new claims, so the labour markets are still tight," said Ms Maureen Maitland, an economist at Donaldson, Lufkin & Jenrette.

## CAPITAL MARKETS NEWS DIGEST

### BoE happy with Emu preparations

The Bank of England yesterday said it was reassured that UK banks and financial institutions were taking the necessary steps in preparation for a single European currency. "There is now increasing evidence that financial institutions in the UK are taking the necessary steps to ensure they are ready for the introduction of the euro [the planned single currency], whether or not the UK joins Emu," the Bank said in a report published yesterday.

It also said: "The pace of financial institutions' preparations is being stepped up." The Bank insisted Emu would have a significant impact on the London financial market; and that banks should be prepared. "Although Emu is by no means certain, it is prudent to plan on the basis that Emu will go ahead on 1 January 1999," the report said.

After examining a sample of financial institutions' preparations, the Bank said its findings were "reassuring".

*Practical Issues Arising from the Introduction of the Euro, August 1997. Bank of England.*

*Samer Iskandar*

■ DERIVATIVES

### ISDA warns on Italian markets

Italian financial markets risk being marginalised if steps are not taken to ensure the enforceability of some market practices under Italian law, according to a leading financial trade body. "Failure to make the enforceability of netting perfectly clear would isolate Italy from other major economies of the European Union," said the International Swaps and Derivatives Association, , the industry association for participants in privately negotiated derivatives transactions.

ISDA pointed out legal uncertainties over the enforceability of close-out netting in the event of the insolvency of an Italian counterparty to a derivatives transaction. Close-out netting is the ability of a party to a derivatives trade to close out the transaction if the other party defaults, and to net the resulting values at going market prices.

*Samer Iskandar*

■ *YEN BONDS*

### Philippines bank to raise Y20bn

Low Japanese interest rates have led the state-owned Development Bank of the Philippines to offer Y20bn ($169m) of bonds to provide Asian investors with a relatively high-yielding alternative to existing yen bonds. DBP is offering its "Asian yen bond", with a 3.15 per cent coupon and six-year maturity, through the Tokyo and Hong Kong operations of lead manager Daiwa Securities.

A listing on the Philippine Stock Exchange is planned and Luxembourg and Hong Kong are also being considered, according to Eric Luchengco, vice-president at DBP-Daiwa Securities in Manila. "We feel it is a good time to tap Japanese interest rates, which are now at historical lows," he said.

*Neri Tenorio, Manila*

# Banco Cisf offers Navigator Strips

INTERNATIONAL BONDS

**By Krishna Guha and Samer Iskandar**

Portuguese strips sounded a note of innovation on an active day yesterday, which also saw the first issue by a Brazilian railway operator and deals by the Inter-American Development bank and the Asian Development bank.

**NAVIGATOR STRIPS**, a Banco Cisf vehicle, offered investors the first chance to invest in synthetically-stripped Portuguese government bonds.

The Luxembourg vehicle holds Es7.5bn of 10-year Portuguese bonds and offers a series of 11 zero-coupon notes. Ten of these are coupon payments on the underlying bonds. The eleventh issue is the principal amount, to be redeemed in 2007.

Banco Cisf said the deal was "a first" for Portugal. It said the vehicle had been set up to meet demand for zero-coupon notes from insurance companies, which use them to structure savings products with guaranteed returns.

**MRS LOGISTICA**, a recently-privatised Brazilian railway operator, made its debut offering yesterday. The deal, which carries an eight-year maturity, was offered in two tranches through lead manager Bankers Trust.

The first tranche, carrying a put option which allows investors to ask for an early redemption, was priced to yield 305 basis points over three-year Treasuries. The second tranche offers a wider spread of 450 basis points, but is only redeemable in advance – starting August 2002 – at the borrower's request.

The bonds will be listed in Luxembourg, but were offered in the US under Rule 144a of the Securities and Exchange Commission, which allows sales to qualified institutional investors.

**MERRILL LYNCH** increased a self-led $300m issue of four-year notes by $100m, after the bonds tightened from 41 basis points over Treasuries to 39 points in early trading.

IDB – the Inter-American Development Bank – offered $200m of three-year stock, priced flat to Treasuries. SBC Warburg, the lead manager, said the issue would satisfy a "natural pocket of demand" from holders of a $700m IDB issue maturing soon.

The spread offers a small pick-up from July's World Bank issue, which is yielding less than Treasuries. SBC Warburg said the implied pick-up over the World Bank was about four basis points, a "generous margin from one supranational to another".

The **ASIAN DEVELOPMENT BANK**, meanwhile, issued $300m of 30-year notes, with put options exerciseable after 10, 15, 20 and 25 years. The bonds were priced to yield five basis points over the benchmark 10-year Treasury.

Morgan Stanley Dean Witter, the book-runner, said attaching the options "lowered the up-front cost of borrowing." ADB's 10-year global currently trades at about 21 basis points over Treasuries. Fees were 4.5 per cent.

**COCA-COLA AMATIL**, the Australian bottling company 33 per cent-owned by Coca-Cola of the US, followed up its five-year issue earlier this year with $200m of six-year bonds.

The issue was priced to yield 33 basis points over Treasuries, 11 points more than the five-year debt.

Morgan Stanley Dean Witter, the lead manager, said it was necessary to offer a "good yield pick-up" against a flat yield curve. It also said placement would "take a bit of time".

## New international bond issues

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees % | Spread bp | Book-runner |
|---|---|---|---|---|---|---|---|
| ■ **US DOLLARS** | | | | | | | |
| Merrill Lynch & Co(a) | 400 | 6.50 | 99.935R | Aug 2001 | 0.25R | +41(6⅝%Aug00) | Merrill Lynch Intl |
| MRS Logistica, Class A(b1) | 125 | 9.00# | 99.7756 | Aug 2005 | - | +305(6Aug00) | Bankers Trust Intl |
| MRS Logistica, Class B(b2) | 195 | 10⅝# | 99.551 | Aug 2005 | - | +450(6½%-05) | Bankers Trust Intl |
| Asian Development Bank(c) | 300 | 6.22# | 100.00 | Aug 2027 | 4.50 | - | Morgan Stanley DW |
| Coca-Cola Amatil | 200 | 6.50 | 99.899R | Sep 2003 | 0.325R | +33(6%Jul02) | Morgan Stanley DW |
| Inter-American Dev Bank | 200 | 6.00 | 99.71R | Aug 2000 | 0.1875R | flat(6Aug00) | SBC Warburg |
| Swedish Export Credit Crp★ | 130 | 5.84# | 100.00 | Aug 2001 | 1.20 | - | IBJ Intl/New Japan |
| ■ **D-MARKS** | | | | | | | |
| Barclays O'seas Capl Corp‡ | 300 | (d,s) | 99.992R | Dec 2002 | 0.125R | - | BZW Deutschland |
| Irish Permanent Treasury‡ | 150 | (e) | 99.855 | Aug 2004 | 0.20 | - | HSBC Trinkaus |
| ■ **STERLING** | | | | | | | |
| Salomon Inc‡ | 125 | (f) | 99.68R | Oct 2002 | 0.30R | - | Salomon Brothers Intl |
| ■ **FRENCH FRANCS** | | | | | | | |
| Bayerische Hypo | 2bn | 5.875 | 99.684R | Sep 2009 | 0.40R | +20(i) | Credit Agricole Indosuez |
| LW Rentenbank‡ | 500 | (g) | 100.00R | Sep 2007 | 0.325R | - | BNP/CDC Marchés |
| ■ **SWISS FRANCS** | | | | | | | |
| LB Rheinland-Pfalz(s)★ | 100 | 2.75 | 100.85 | Dec 2002 | 1.50 | - | SBC Warburg |
| ■ **NEW ZEALAND DOLLARS** | | | | | | | |
| Deutsche Australia | 300 | 7.25 | 100.695 | Aug 2000 | 1.375 | - | Deutsche/TD Securities |
| TCNZ Finance | 100 | 7.50 | 100.88 | Sep 1999 | 1.25 | - | Hambros Bank |
| ■ **ESCUDOS** | | | | | | | |
| Navigator Strips(lux)(h) | 12.47bn | - | - | - | 0.20 | - | Banco Cisf |

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Includes $100m increase at 100.027R, +39bp. b1) Callable & puttable on 14/8/00 at 99.8419%. b2) Callable from 15/8/02 at 103.9844% falling 1.3281%pa. c) Puttable on 15/8/07, 12, 17 & 22. d) 3-mth Libor –$\frac{1}{16}$%. e) 3-mth Libor +6¼bp. f) 3-mth Libor +37½bp. g) 4.285% to 3/9/02, then Tec-10 flat. h) 11 series of zero-coupon bonds matching cash-flows from Esc7.5bn Portuguese govt bonds 6⅝% due 23/2/07. i) Over interpolated yield. s) Short 1st coupon

## WORLD BOND PRICES

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Day's change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| Australia | | 10.000 | 10/07 | 126.1806 | –0.350 | 6.45 | 6.40 | 7.07 |
| Austria | | 5.625 | 07/07 | 99.0900 | –0.060 | 5.75 | 5.60 | 5.88 |
| Belgium | | 6.250 | 03/07 | 103.4500 | –0.190 | 5.77 | 5.62 | 5.78 |
| Canada * | | 7.250 | 06/07 | 109.6500 | +0.260 | 5.94 | 5.81 | 6.34 |
| Denmark | | 7.000 | 06/07 | 105.4300 | –0.120 | 6.26 | 6.02 | 6.31 |
| France | BTAN | 4.750 | 03/02 | 99.8119 | – | 4.79 | 4.62 | 4.57 |
| | OAT | 5.500 | 10/07 | 98.9900 | –0.160 | 5.63 | 5.45 | 5.59 |
| Germany Bund | | 6.000 | 07/07 | 102.3200 | –0.100 | 5.69 | 5.54 | 5.71 |
| Ireland | | 8.000 | 08/06 | 110.6500 | +0.130 | 6.41 | 6.32 | 6.55 |
| Italy | | 6.750 | 02/07 | 101.1700 | –0.020 | 6.58† | 6.42 | 6.73 |
| Japan | No 148 | 5.600 | 06/02 | 119.5910 | +0.200 | 1.42 | 1.40 | 1.67 |
| | No 182 | 3.000 | 09/05 | 106.5632 | +0.300 | 2.12 | 2.11 | 2.38 |
| Netherlands | | 5.750 | 02/07 | 100.9400 | –0.080 | 5.61 | 5.48 | 5.58 |
| Portugal | | 9.500 | 02/06 | 120.6600 | –0.140 | 6.29 | 6.15 | 6.27 |
| Spain | | 7.350 | 03/07 | 106.9300 | –0.200 | 6.35 | 6.14 | 6.36 |
| Sweden | | 8.000 | 08/07 | 110.6295 | +0.230 | 6.52 | 6.38 | 6.64 |
| UK Gilts | | 7.000 | 06/02 | 100-09 | +15/32 | 6.93 | 7.00 | 7.10 |
| | | 7.250 | 12/07 | 101-28 | +14/32 | 6.99 | 6.94 | 7.09 |
| | | *9.000* | *10/08* | *115-06* | *+15/32* | *7.02* | *6.98* | *7.14* |
| US Treasury * | | 6.625 | 05/07 | 103-00 | +1/32 | 6.21 | 6.03 | 6.53 |
| | | 6.625 | 02/27 | 101-29 | –2/32 | 6.48 | 6.32 | 6.81 |
| ECU (French Govt) | | 5.500 | 04/07 | 96.4600 | –0.480 | 5.99 | 5.80 | 5.87 |

London closing, *New York mid-day. Yields: Local market standard.
*† Gross (including withholding tax at 12.5 per cent payable by nonresidents)*
*Prices: US, UK in 32nds, others in decimal* — *Source: Standard & Poor's MMS.*

### US INTEREST RATES

| Latest | | Treasury Bills and Bond Yields | | | |
|---|---|---|---|---|---|
| Prime rate | 8½ | One month | - | Two year | 5.89 |
| Broker loan rate | 7¼ | Two month | - | Three year | 6.00 |
| Fed.funds | 5½ | Three month | 5.26 | Five year | 6.06 |
| Fed.funds at intervention | - | Six month | 5.40 | 10-year | 6.18 |
| | | One year | 5.49 | 30-year | 6.46 |

### BOND FUTURES AND OPTIONS

#### France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 129.38 | 129.34 | –0.14 | 129.56 | 129.20 | 141,209 | 172,866 |
| Dec | 98.32 | 98.28 | –0.14 | 98.46 | 98.18 | 2,475 | 11,359 |
| Mar | 97.72 | 97.68 | –0.14 | 97.72 | 97.72 | 2 | – |

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

| Strike Price | CALLS Sep | CALLS Oct | CALLS Dec | PUTS Sep | PUTS Oct | PUTS Dec |
|---|---|---|---|---|---|---|
| 127 | 2.40 | - | - | 0.07 | - | - |
| 128 | 1.52 | - | - | 0.18 | - | - |
| 129 | 0.77 | - | - | 0.43 | - | - |
| 130 | 0.30 | - | - | 0.96 | - | - |
| 131 | 0.08 | - | - | 1.74 | - | - |

Est. vol. total, Calls 9,413 Puts 18,274. Previous day's open int., Calls 81,739 Puts 114,739.

#### Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| *Sep* | *101.99* | *102.02* | *-0.02* | *102.17* | *101.84* | *202746* | *265895* |
| Dec | 101.21 | 101.19 | -0.01 | 101.30 | 101.05 | 2731 | 14993 |

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

| Strike Price | CALLS Sep | CALLS Oct | CALLS Nov | CALLS Dec | PUTS Sep | PUTS Oct | PUTS Nov | PUTS Dec |
|---|---|---|---|---|---|---|---|---|
| 10200 | 0.44 | 0.42 | 0.61 | 0.76 | 0.42 | 1.23 | 1.42 | 1.57 |
| 10250 | 0.22 | 0.27 | 0.43 | 0.58 | 0.70 | 1.58 | 1.74 | 1.89 |
| 10300 | 0.09 | 0.16 | 0.30 | 0.43 | 1.07 | 1.97 | 2.11 | 2.24 |

Est. vol. total, Calls 15195 Puts 25413. Previous day's open int., Calls 177774 Puts 255036

#### Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 135.52 | 135.64 | -0.08 | 136.19 | 135.40 | 75955 | 102447 |
| Dec | 108.15 | 107.84 | -0.13 | 108.24 | 107.87 | 774 | 4748 |

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

| Strike Price | CALLS Sep | CALLS Dec | PUTS Sep | PUTS Dec |
|---|---|---|---|---|
| 8000 | | 27.84 | | 0 |
| *8050* | | *27.34* | | *0* |
| 8100 | | 26.84 | | 0 |

Est. vol. total, Calls 4826 Puts 10899. Previous day's open int., Calls 100839 Puts 130783

#### Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 116.50 | 116.45 | –0.19 | 116.85 | 116.39 | 89,398 | 79,258 |
| Dec | 100.55 | 100.45 | –0.09 | 100.55 | 100.55 | 302 | 1,352 |

#### UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 114-17 | 115-05 | +0-16 | 115-19 | 114-17 | 129851 | 160848 |
| Dec | 115-02 | 114-24 | +0-15 | 115-02 | 114-25 | 525 | 9601 |

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

| Strike Price | CALLS Sep | CALLS Oct | CALLS Nov | CALLS Dec | PUTS Sep | PUTS Oct | PUTS Nov | PUTS Dec |
|---|---|---|---|---|---|---|---|---|
| 115 | 0-43 | 0-62 | 1-17 | 1-33 | 0-33 | 1-14 | 1-33 | 1-49 |
| 116 | 0-18 | 0-37 | 0-55 | 1-05 | 1-08 | 1-53 | 2-07 | 2-21 |
| 117 | 0-06 | 0-20 | 0-36 | 0-48 | 1-60 | 2-36 | 2-52 | 3-00 |

*Est. vol. total, Calls 7131 Puts 3202. Previous day's open int., Calls 45542 Puts 43089*

#### Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 96.20 | 96.36 | –0.08 | 96.50 | 96.16 | 1,078 | 6,453 |

#### US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

| | Open | Latest | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 114-25 | 115-00 | +0-08 | 115-02 | 114-22 | 336,485 | 521,766 |
| Dec | 114-13 | 114-21 | +0-08 | 114-21 | 114-12 | 4,133 | 49,029 |
| Mar | 114-08 | 114-10 | +0-07 | 114-10 | 114-08 | 32 | 31,667 |

#### Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

| | Open | Close | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 126.50 | - | - | 126.70 | 126.47 | 2115 | n/a |
| Dec | 125.85 | - | - | 126.07 | 125.85 | 129 | n/a |

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

### *FTSE* Actuaries Govt. Securities — UK Indices

| Price Indices UK Gilts | Thu Aug 7 | Day's change % | Wed Aug 6 | Accrued interest | xd adj. ytd | | Low coupon yield Aug 7 | Aug 6 | Yr. ago | Medium coupon yield Aug 7 | Aug 6 | Yr. ago | High coupon yield Aug 7 | Aug 6 | Yr. ago |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 Up to 5 years (19) | 120.04 | 0.28 | 119.70 | 2.51 | 6.38 | 5 yrs | 6.97 | 7.05 | 7.19 | 7.01 | 7.13 | 7.25 | 7.06 | 7.18 | 7.33 |
| 2 5-15 years (21) | 153.38 | 0.46 | 152.67 | 2.46 | 7.01 | 15 yrs | 6.97 | 7.04 | 8.02 | 7.02 | 7.06 | 8.02 | 7.11 | 7.14 | 8.09 |
| 3 Over 15 years (5) | 183.40 | 0.23 | 182.99 | 7.57 | 5.80 | 20 yrs | 6.97 | 7.04 | 8.11 | 7.02 | 7.02 | 8.11 | 7.11 | 7.12 | 8.16 |
| 4 Irredeemables (5) | 213.15 | 0.12 | 212.88 | - 2.89 | - 8.38 | Irred.† | 7.09 | 7.09 | 8.47 | | | | | | |
| 5 All stocks (50) | 147.92 | 0.35 | 147.40 | 3.35 | 6.70 | | | | | | | | | | |

| Index-linked | | | | | | | Inflation 5% Aug 7 | Aug 6 | Yr. ago | Inflation 10% Aug 7 | Aug 6 | Yr. ago |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 6 Up to 5 years (2) | 206.53 | 0.14 | 206.23 | 2.14 | 3.03 | Up to 5 yrs | 3.66 | 3.70 | 2.52 | 3.01 | 3.04 | 0.98 |
| 7 Over 5 years (10) | 199.97 | 0.17 | 200.01 | 0.98 | 4.33 | Over 5 yrs | 3.56 | 3.57 | 3.71 | 3.36 | 3.38 | 3.51 |
| 8 All stocks (12) | 199.59 | 0.16 | 199.59 | 1.09 | 4.18 | | | | | | | |

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

### FT Fixed Interest Indices

| | Aug 6 | Aug 6 | Aug 5 | Aug 4 | Aug 1 | Yr ago | High* | Low* |
|---|---|---|---|---|---|---|---|---|
| Govt. Secs. (UK) | 97.10 | 96.84 | 96.75 | 97.01 | 97.26 | 93.24 | 97.88 | 93.31 |
| Fixed interest | 116.59 | 125.35 | 125.57 | 125.90 | 126.30 | 113.22 | 126.68 | 115.32 |

### Gilt Edged Activity Indices

| | Aug 6 | Aug 5 | Aug 4 | Aug 1 | Jul 31 |
|---|---|---|---|---|---|
| Gilt Edged bargains | NA | NA | NA | NA | NA |
| 5-day average | NA | NA | NA | NA | NA |

 * for 1997. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed interest 1928. SE activity indices rebased 1974. Gilt Edged volume data will be unavailable until further notice.

## UK GILTS PRICES

| Notes | Yield Int | Yield Red | Price £ | + or – | 52 week High | 52 week Low |
|---|---|---|---|---|---|---|
| Shorts" (Lives up to Five Years) | | | | | | |
| Treas Cnv 7pc 1997‡‡ | 7.00 | - | 100$\frac{1}{32}$xd | +$\frac{1}{32}$ | 101$\frac{1}{32}$ | 100 |
| Treas 8¾pc 1997‡‡ | 8.74 | 6.98 | 100$\frac{1}{32}$ | –$\frac{1}{32}$ | 107$\frac{9}{32}$ | 100$\frac{1}{32}$ |
| Exch 15pc 1997 | 14.75 | 6.80 | 101$\frac{11}{16}$ | –$\frac{1}{32}$ | 110½ | 101$\frac{11}{16}$ |
| Exch 9¾pc 1998 | 9.84 | 6.90 | 101$\frac{1}{32}$ | +$\frac{1}{32}$ | 104$\frac{11}{32}$ | 100$\frac{1}{32}$ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| Notes | Yield Int | Yield Red | Price £ | + or – | 52 week High | 52 week Low |
|---|---|---|---|---|---|---|
| Funding 3½pc 1999-4 | 4.03 | 5.84 | 86$\frac{27}{32}$ | +$\frac{1}{4}$ | 87$\frac{1}{4}$ | 81$\frac{1}{16}$ |
| Conv 9pc 2004 | 8.35 | 7.01 | 113$\frac{13}{16}$ | +$\frac{3}{8}$ | 114$\frac{13}{16}$ | 109$\frac{11}{16}$ |
| Treas 6¾pc 2004‡‡ | 6.84 | 6.97 | 98$\frac{11}{16}$ | +$\frac{1}{2}$ | 99$\frac{1}{16}$ | 94$\frac{1}{32}$ |
| Conv 9½pc 2005 | 8.31 | 7.05 | 114$\frac{1}{4}$ | +½ | 122$\frac{13}{16}$ | 110$\frac{1}{4}$ |
| Exch 10½pc 2005 | 8.88 | 7.02 | 120$\frac{11}{16}$ | +½ | 121$\frac{11}{16}$ | 117$\frac{1}{4}$ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

| Notes | (1) | (2) Price £ | + or – | 52 week High | 52 week Low |
|---|---|---|---|---|---|
| Index-Linked (b) | | | | | |
| 4⅝pc '98‡‡ (135.6) | - | 2.44 114$\frac{1}{2}$ | +$\frac{1}{32}$ | 114$\frac{1}{2}$ | 113$\frac{1}{2}$ |
| 2pc '99 | 2.11 | 3.23 182¾ | +$\frac{1}{8}$ | 182¾ | 176$\frac{1}{2}$ |
| 2½pc '01 (78.3) | 3.02 | 3.66 187¼ | +$\frac{1}{8}$ | 187$\frac{1}{2}$ | 181$\frac{1}{2}$ |
| 2½pc '03 (78.8) | 3.18 | 3.62 183$\frac{1}{2}$ | +$\frac{1}{8}$ | 184$\frac{1}{4}$ | 177$\frac{1}{4}$ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

#### Other Fixed Interest

| Notes | Int | Red | Price £ | + or – | 52 week High | 52 week Low |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for November 1996: 153.9 and for June 1997: 157.5. Closing mid-prices are shown in pounds per £100 nominal of stock. Prospective real Index-Linked redemption yields are calculated by HSBC Greenwell from Bank of England closing prices. ‡ Indicative price.

## FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on August 7

| | Issued | Bid | Offer | Chg | Yield |
|---|---|---|---|---|---|
| U.S. DOLLAR STRAIGHTS | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| SWISS FRANC STRAIGHTS | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| YEN STRAIGHTS | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| OTHER STRAIGHTS | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| DEUTSCHE MARK STRAIGHTS | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FLOATING RATE NOTES | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| CONVERTIBLE BONDS | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

## CURRENCIES AND MONEY

# Pound falls on hint of peak in rates

MARKETS REPORT

By Simon Kuper

The pound fell yesterday after the Bank of England raised UK base rates but suggested that it would not do so again for a while.

The Bank's monetary policy committee ended its two-day meeting yesterday by increasing base rates by 25 basis points to 7 per cent, the fourth such rise since May. But it said: "Upward pressures on the exchange rate should be reduced by the perception that interest rates have reached a level consistent with the inflation target." Currency strategists took this to mean that the Bank would need no further rate rises to hit its inflation target of 2.5 per cent.

The money market scaled down prospects of future rate increases, and short sterling futures contracts soared. The December 1997 contract jumped 14 basis points and now prices in base rates of 7.25 per cent. The money market expects rate levels to dip slowly next year. The December 1998 contract, which also rose 14 basis points, prices in base rates of below 7.25 per cent.

Sterling lost 3 pfennigs against the D-Mark, having fallen more than 5 pfennigs on Wednesday. It closed in London at DM2.971. Mr Nick Shamim, currency analyst at ANZ Bank in London, said the pound's next strong support was around the DM2.94 level. Sterling dropped 1.5 cents against the dollar to $1.586, and is now down more than 4 cents in two days. The dollar was little changed against the D-Mark at DM1.873, and Y0.4 down against the yen at Y118.5.

■ Pound in New York

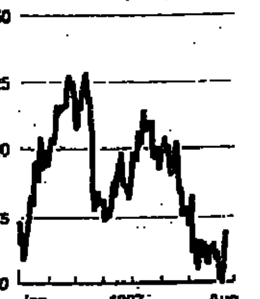
| Aug 7 | —Latest— | —Prev. close— |
|---|---|---|
| £ spot | 1.5850 | 1.6020 |
| 1 mth | 1.5831 | 1.6000 |
| 3 mth | 1.5792 | 1.5962 |
| 1 yr | 1.5644 | 1.5800 |

■ Traders yesterday seemed to ignore the possibility that the Bank of England might have been using cunning in suggesting that interest rates had peaked. Mr Joe Prendergast, head of global foreign exchange research at Credit Suisse First Boston in London, said the Bank wants to raise rates in order to cool consumer demand; but it also wants to weaken sterling. Its statement read as if designed to do both. In other words, the market may one day have to revise its view that the Bank is guileless, and that base rates have peaked.

Currency strategists are increasingly of the opinion that sterling *has* peaked. Last week, after all, it also fell 8 pfennigs in two days, although it later made up most of those losses. Mr Tony Norfield, treasury economist at ABN-Amro in London, said the 4-percentage point yield gap between the UK and Germany was too little to sustain the pound against the D-Mark. Most in the market thought the pound would fall by more than 4 per cent over the next year, erasing any interest-rate benefits. However, few expect the pound's slide to be sharp. Mr Norfield said many UK companies were keen to buy the pound against the dollar at the current exchange rate.

**UK base rate expectations**

Short sterling (Dec 1997 future contract, bid price)




Source: Datastream/ICV

■ The Bundesbank may have been intervening in the market to boost the D-Mark, judging by the bank's foreign currency reserve figures released yesterday.

The value of its reserves fell by DM1.2bn in the week to July 31, leaving total reserves at DM115.5bn. In the six weeks before that reserves had fallen more gradually, from DM118.8bn to DM116.6bn. The drop is sharper than it appears, because if there had been no selling over that period the Bundesbank's foreign reserves would have gained in value thanks to the D-Mark's slide. The bank said the fall in reserves was mainly due to "Bundesbank transactions in which previous inflows of foreign currency from outside the market were disposed of". The market was unsure how much the fall denoted about the bank's strategy.

■ The Finnish finance minister, Mr Sauli Niinisto, sent the markka tumbling yesterday. He suggested that it should convert into the putative euro at about its central parity rate within the European exchange rate mechanism, even though the currency was trading well above that rate. "We have an ERM central rate, and I think it is approximately the correct one for us," he said.

The markka's central parity rate is FM3.04 to the D-Mark. Yesterday the currency fell from FM2.9778 to FM2.9905 against the D-Mark. Mr Norfield said that as Finnish interest rates were hardly higher than German ones, the markka would drop further.

■ OTHER CURRENCIES

| Aug 7 | £ | $ |
|---|---|---|
| Czech Rp | 54.8107 - 54.8929 | 34.5700 - 34.6000 |
| Hungary | 316.577 - 316.856 | 139.670 - 199.720 |
| Iran | 4759.50 - 4756.50 | 3000.00 - 3000.00 |
| Kuwait | 0.4841 - 0.4845 | 0.3053 - 0.3054 |
| Poland | 5.5540 - 5.5654 | 3.5030 - 3.5080 |
| Russia | 9213.34 - 9220.74 | 5811.00 - 5812.00 |
| U.A.E. | 5.8232 - 5.8272 | 3.6728 - 3.6730 |

## POUND SPOT FORWARD AGAINST THE POUND

| Aug 7 | | Closing mid-point | Change on day | Bid/offer spread | Day's Mid high | Day's Mid low | One month Rate | One month %PA | Three months Rate | Three months %PA | One year Rate | One year %PA | Bank of Eng Index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 20.9059 | -0.2121 | 953 - 164 | 21.3057 | 20.8422 | 20.8515 | 3.1 | 20.7388 | 3.2 | 20.2333 | 3.2 | 101.6 |
| Belgium | (BFr) | 61.3782 | -0.6004 | 271 - 293 | 62.5340 | 61.2110 | 61.1982 | 3.5 | 60.8282 | 3.6 | 59.0782 | 3.7 | 100.9 |
| Denmark | (DKr) | 11.3166 | -0.115 | 114 - 217 | 11.5360 | 11.2856 | 11.2851 | 3.3 | 11.2211 | 3.4 | 10.9296 | 3.4 | 103.0 |
| Finland | (FM) | 8.8888 | -0.055 | 812 - 983 | 9.0170 | 8.8420 | 8.8635 | 3.4 | 8.811 | 3.5 | 8.5983 | 3.3 | 80.3 |
| France | (FFr) | 10.0256 | -0.1054 | 212 - 299 | 10.2186 | 9.9927 | 9.9926 | 3.9 | 9.9356 | 3.6 | 9.6601 | 3.6 | 103.3 |
| Germany | (DM) | 2.9711 | -0.0301 | 696 - 725 | 3.0293 | 2.9617 | 2.9617 | 3.8 | 2.9427 | 3.8 | 2.8558 | 3.9 | 101.5 |
| Greece | (Dr) | 464.500 | -4.222 | 250 - 749 | 472.883 | 462.994 | 466.283 | -4.6 | 468.907 | -3.8 | 477.275 | -2.8 | 65.1 |
| Ireland | (I£) | 1.1077 | -0.0084 | 054 - 099 | 1.1213 | 1.1041 | 1.1072 | 0.5 | 1.1058 | 0.7 | 1.0949 | 1.2 | 98.5 |
| Italy | (L) | 2904.05 | -37.81 | 273 - 536 | 2962.87 | 2896.22 | 2904.13 | 0.0 | 2904.1 | 0.0 | 2901.5 | 0.1 | 75.3 |
| Luxembourg | (LFr) | 61.3782 | -0.6004 | 271 - 293 | 62.5340 | 61.2110 | 61.1982 | 3.5 | 60.8282 | 3.6 | 59.0782 | 3.7 | 100.9 |
| Netherlands | (Fl) | 3.3477 | -0.0331 | 460 - 494 | 3.4116 | 3.3375 | 3.3375 | 3.7 | 3.3166 | 3.7 | 3.2206 | 3.8 | 100.1 |
| Norway | (NKr) | 12.2108 | -0.143 | 053 - 162 | 12.4525 | 12.1822 | 12.1783 | 3.2 | 12.1173 | 3.1 | 11.8483 | 3.0 | 96.3 |
| Portugal | (Es) | 300.785 | -3.424 | 611 - 958 | 306.479 | 300.035 | 300.629 | 0.6 | 300.099 | 0.9 | 296.011 | 1.6 | 91.8 |
| Spain | (Pta) | 250.739 | -3.091 | 636 - 842 | 255.850 | 250.270 | 250.424 | 1.5 | 249.674 | 1.7 | 245.304 | 2.2 | 76.2 |
| Sweden | (SKr) | 12.7679 | -0.1351 | 579 - 778 | 13.0206 | 12.7327 | 12.7404 | 2.6 | 12.6819 | 2.7 | 12.4254 | 2.7 | 85.6 |
| Switzerland | (SFr) | 2.4268 | -0.0208 | 255 - 281 | 2.4822 | 2.4119 | 2.4159 | 5.4 | 2.3933 | 5.5 | 2.2931 | 5.5 | 105.7 |
| UK | (£) | - | - | - | - | - | - | - | - | - | - | - | 102.8 |
| Ecu | - | 1.5085 | -0.0148 | 066 - 104 | 1.5357 | 1.5052 | 1.5082 | 2.6 | 1.499 | 2.8 | 1.465 | 2.9 | - |
| SDR† | - | 1.191140 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 1.5857 | -0.0151 | 852 - 862 | 1.6090 | 1.5777 | - | - | - | - | - | - | - |
| Brazil | (R$) | 1.7208 | -0.0149 | 201 - 214 | 1.7445 | 1.7109 | - | - | - | - | - | - | - |
| Canada | (C$) | 2.2003 | -0.0154 | 992 - 014 | 2.2337 | 2.1899 | 2.1934 | 3.7 | 2.1798 | 3.7 | 2.1289 | 3.2 | 84.9 |
| Mexico | (New Peso) | 12.3336 | -0.1198 | 225 - 446 | 12.5043 | 12.2767 | - | - | - | - | - | - | - |
| USA | ($) | 1.5860 | -0.0151 | 855 - 865 | 1.6093 | 1.5780 | 1.5841 | 1.4 | 1.5803 | 1.5 | 1.5642 | 1.4 | 106.9 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 2.1550 | -0.0238 | 536 - 564 | 2.1899 | 2.1359 | 2.1513 | 2.0 | 2.1429 | 2.2 | 2.106 | 2.3 | 93.7 |
| Hong Kong | (HK$) | 12.2781 | -0.1164 | 734 - 827 | 12.4578 | 12.2169 | 12.2771 | 0.1 | 12.2706 | 0.2 | 12.2156 | 0.5 | - |
| India | (Rs) | 56.6234 | -0.5599 | 659 - 809 | 57.4680 | 56.3680 | 56.8186 | -4.1 | 57.2191 | -4.2 | 58.8989 | -4.0 | - |
| Israel | (Shk) | 5.6044 | -0.0549 | 946 - 141 | 5.6795 | 5.5789 | - | - | - | - | - | - | - |
| Japan | (Y) | 187.941 | -2.43 | 803 - 080 | 190.800 | 186.470 | 186.921 | 6.5 | 184.896 | 6.5 | 175.911 | 6.4 | 132.3 |
| Malaysia | (M$) | 4.1918 | -0.0319 | 881 - 955 | 4.2540 | 4.1738 | 4.196 | -1.2 | 4.204 | -1.2 | 4.2227 | -0.7 | - |
| New Zealand | (NZ$) | 2.4830 | -0.0197 | 808 - 851 | 2.5193 | 2.4691 | 2.4862 | -1.5 | 2.49 | -1.1 | 2.4906 | -0.3 | 108.3 |
| Philippines | (Peso) | 45.2805 | -0.2706 | 697 - 912 | 45.7464 | 44.8432 | 45.4404 | -4.2 | 45.6898 | -3.6 | 46.7468 | -3.2 | - |
| Saudi Arabia | (SR) | 5.9483 | -0.0563 | 463 - 502 | 6.0354 | 5.9163 | 5.9448 | 0.7 | 5.9364 | 0.8 | 5.8999 | 0.8 | - |
| Singapore | (S$) | 2.3370 | -0.0199 | 354 - 385 | 2.3718 | 2.3276 | 2.3324 | 2.4 | 2.3223 | 2.5 | 2.2741 | 2.7 | - |
| South Africa | (R) | 7.4281 | -0.0579 | 233 - 328 | 7.5573 | 7.4056 | 7.4888 | -9.8 | 7.6067 | -9.6 | 8.0436 | -8.3 | - |
| South Korea | (Won) | 1417.09 | -13.49 | 347 - 071 | 1437.43 | 1413.10 | - | - | - | - | - | - | - |
| Taiwan | (T$) | 45.9385 | +0.0669 | 161 - 609 | 46.4050 | 45.4464 | 45.9219 | 0.4 | 45.8821 | 0.5 | 45.6844 | 0.6 | - |
| Thailand | (Bt) | 49.1265 | -1.428 | 127 - 402 | 50.3640 | 48.1650 | 49.4631 | -8.2 | 49.8247 | -6.5 | 50.9549 | -3.7 | - |

† Rates for Aug 6. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

| Aug 7 | | Closing mid-point | Change on day | Bid/offer spread | Day's mid high | Day's mid low | One month Rate | One month %PA | Three months Rate | Three months %PA | One year Rate | One year %PA | J.P Morgan index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 13.1815 | -0.0082 | 790 - 840 | 13.2970 | 13.1680 | 13.1575 | 2.2 | 13.1085 | 2.2 | 12.8845 | 2.3 | 101.1 |
| Belgium | (BFr) | 38.7000 | -0.01 | 800 - 200 | 38.9970 | 38.6700 | 38.625 | 2.3 | 38.4735 | 2.3 | 37.78 | 2.4 | 100.9 |
| Denmark | (DKr) | 7.1353 | -0.0045 | 343 - 363 | 7.1942 | 7.1322 | 7.1236 | 2.0 | 7.0993 | 2.0 | 6.9929 | 2.0 | 102.0 |
| Finland | (FM) | 5.6045 | +0.0165 | 015 - 075 | 5.6231 | 5.5867 | 5.593 | 2.5 | 5.5694 | 2.5 | 5.4755 | 2.3 | 79.9 |
| France | (FFr) | 6.3213 | -0.0063 | 205 - 220 | 6.3712 | 6.3135 | 6.3098 | 2.2 | 6.2859 | 2.2 | 6.1771 | 2.3 | 102.4 |
| Germany | (DM) | 1.8733 | -0.0012 | 730 - 736 | 1.8868 | 1.8715 | 1.8695 | 2.5 | 1.8617 | 2.5 | 1.8267 | 2.5 | 100.9 |
| Greece | (Dr) | 292.875 | +0.125 | 810 - 940 | 294.760 | 292.600 | 294.17 | -5.3 | 296.225 | -4.6 | 303.375 | -3.6 | 64.8 |
| Ireland | (I£) | 1.4319 | -0.0027 | 294 - 343 | 1.4405 | 1.4238 | 1.4311 | 0.6 | 1.4302 | 0.5 | 1.4306 | 0.1 | - |
| Italy | (L) | 1831.05 | -6.35 | 080 - 130 | 1847.10 | 1829.00 | 1832.82 | -1.2 | 1835.83 | -1.0 | 1839.25 | -0.4 | 74.8 |
| Luxembourg | (LFr) | 38.7000 | -0.01 | 800 - 200 | 38.9970 | 38.6700 | 38.625 | 2.3 | 38.4735 | 2.3 | 37.78 | 2.4 | 100.9 |
| Netherlands | (Fl) | 2.1108 | -0.0007 | 104 - 112 | 2.1275 | 2.1087 | 2.1065 | 2.4 | 2.098 | 2.4 | 2.0603 | 2.4 | 100.0 |
| Norway | (NKr) | 7.6991 | -0.0167 | 981 - 001 | 7.7692 | 7.6865 | 7.6846 | 2.3 | 7.6562 | 2.2 | 7.5445 | 2.0 | 95.2 |
| Portugal | (Es) | 189.650 | -0.25 | 600 - 700 | 191.100 | 189.500 | 189.614 | 0.2 | 189.56 | 0.2 | 186.39 | 0.7 | 92.2 |
| Spain | (Pta) | 158.095 | -0.44 | 080 - 110 | 159.550 | 158.070 | 158.05 | 0.3 | 157.875 | 0.6 | 156.7 | 0.9 | 75.6 |
| Sweden | (SKr) | 8.0504 | -0.0084 | 466 - 541 | 8.1082 | 8.0434 | 8.0413 | 1.3 | 8.022 | 1.4 | 7.945 | 1.3 | 85.2 |
| Switzerland | (SFr) | 1.5302 | +0.0014 | 298 - 305 | 1.5352 | 1.5256 | 1.5249 | 4.2 | 1.5142 | 4.2 | 1.4667 | 4.0 | 105.6 |
| UK | (£) | 1.5860 | -0.0151 | 855 - 865 | 1.6093 | 1.5780 | 1.5841 | 1.4 | 1.5803 | 1.5 | 1.5642 | 1.4 | 103.7 |
| Ecu | - | 1.0507 | +0.0003 | 504 - 510 | 1.0515 | 1.0444 | 1.0521 | -1.7 | 1.0554 | -1.8 | 1.0709 | -1.9 | - |
| SDR† | - | 0.74553 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 0.9998 | - | 998 - 998 | 0.9998 | 0.9998 | - | - | - | - | - | - | - |
| Brazil | (R$) | 1.0850 | +0.0009 | 849 - 850 | 1.0960 | 1.0842 | - | - | - | - | - | - | - |
| Canada | (C$) | 1.3874 | +0.0035 | 871 - 876 | 1.3885 | 1.3857 | 1.3842 | 2.7 | 1.3785 | 2.6 | 1.3579 | 2.1 | 85.0 |
| Mexico | (New Peso) | 7.7765 | -0.0015 | 720 - 810 | 7.7815 | 7.7715 | 7.885 | -16.7 | 8.096 | -16.4 | 9.0065 | -15.8 | - |
| USA | ($) | - | - | - | - | - | - | - | - | - | - | - | 107.7 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 1.3588 | -0.002 | 583 - 592 | 1.3602 | 1.3570 | 1.3582 | 0.5 | 1.3564 | 0.7 | 1.348 | 0.8 | 95.5 |
| Hong Kong | (HK$) | 7.7415 | +0.0003 | 410 - 420 | 7.7425 | 7.7405 | 7.742 | -0.1 | 7.7429 | -0.1 | 7.7452 | 0.0 | - |
| India | (Rs) | 35.7020 | -0.013 | 770 - 270 | 35.7300 | 35.6600 | 35.8395 | -4.6 | 36.1245 | -4.7 | 37.337 | -4.6 | - |
| Israel | (Shk) | 3.5337 | -0.0008 | 286 - 387 | 3.5390 | 3.5275 | - | - | - | - | - | - | - |
| Japan | (Y) | 118.500 | -0.4 | 450 - 550 | 118.850 | 117.850 | 117.985 | 5.2 | 116.985 | 5.1 | 112.685 | 4.9 | 133.5 |
| Malaysia | (M$) | 2.6430 | +0.005 | 415 - 445 | 2.6490 | 2.6320 | 2.6475 | -2.0 | 2.6565 | -2.0 | 2.6865 | -1.6 | - |
| New Zealand | (NZ$) | 1.5656 | +0.0025 | 647 - 664 | 1.5667 | 1.5645 | 1.5664 | -0.6 | 1.5688 | -0.8 | 1.5789 | -0.8 | - |
| Philippines | (Peso) | 28.5500 | +0.1 | 000 - 000 | 28.8500 | 28.2500 | - | - | - | - | - | - | - |
| Saudi Arabia | (SR) | 3.7505 | +0.0002 | 504 - 505 | 3.7506 | 3.7502 | 3.7512 | -0.2 | 3.7522 | -0.2 | 3.7569 | -0.2 | - |
| Singapore | (S$) | 1.4735 | +0.0015 | 730 - 740 | 1.4770 | 1.4688 | 1.4718 | 1.4 | 1.468 | 1.5 | 1.4485 | 1.7 | - |
| South Africa | (R) | 4.6835 | +0.008 | 820 - 850 | 4.7055 | 4.6730 | 4.724 | -10.4 | 4.8035 | -10.2 | 5.108 | -9.0 | - |
| South Korea | (Won) | 893.500 | - | 500 - 500 | 895.600 | 890.700 | - | - | - | - | - | - | - |
| Taiwan | (T$) | 28.9650 | +0.315 | 600 - 700 | 28.9900 | 28.8000 | 28.976 | -0.5 | 28.985 | -0.3 | 29.0775 | -0.4 | - |
| Thailand | (Bt) | 30.9750 | -0.6 | 500 - 000 | 31.7500 | 30.1500 | 31.42 | -17.2 | 32.125 | -14.9 | 33.355 | -7.7 | - |

† SDR rate per $ for Aug 6. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Aug 6: Base average 1990=100.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

## WORLD INTEREST RATES

### MONEY RATES

| August 7 | Over night | One month | Three mths | Six mths | One year | Lomb. inter. | Dis. rate | Repo rate |
|---|---|---|---|---|---|---|---|---|
| Belgium | [illegible] | 3½ | [illegible] | [illegible] | [illegible] | 6.00 | 2.50 | - |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 3.10 | - | 4.75 |
| Germany | [illegible] | [illegible] | [illegible] | [illegible] | 3½ | 4.50 | 2.50 | 3.00 |
| Ireland | [illegible] | 6¼ | [illegible] | [illegible] | [illegible] | - | - | 6.75 |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 7.75 | 6.25 | 6.27 |
| Netherlands | 3¼ | [illegible] | [illegible] | [illegible] | [illegible] | - | 2.50 | 2.90 |
| Switzerland | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | - | 1.00 | - |
| US | 5½ | [illegible] | [illegible] | [illegible] | [illegible] | - | 5.00 | - |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | - | 0.50 | - |
| **■ $ LIBOR FT London** | | | | | | | | |
| Interbank Fixing | - | [illegible] | [illegible] | [illegible] | [illegible] | - | - | - |
| US Dollar CDs | - | 5.39 | 5.44 | 5.53 | 5.71 | - | - | - |
| ECU Linked Ds | - | [illegible] | [illegible] | [illegible] | [illegible] | - | - | - |
| SDR Linked Ds | - | 3½ | [illegible] | [illegible] | [illegible] | - | - | - |

$ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

### EURO CURRENCY INTEREST RATES

| Aug 7 | Short term | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Belgian Franc | [illegible] | [illegible] | 3⅝ - 3½ | 3⅝ - 3½ | [illegible] | 3¾ - 3⅝ |
| Danish Krone | [illegible] | [illegible] | 3⅝ - 3½ | 3¾ - 3⅝ | [illegible] | [illegible] |
| German Mark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Dutch Guilder | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| French Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 3¾ - 3⅝ |
| Portuguese Esc. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spanish Peseta | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sterling | 7¼ - 6¾ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Swiss Franc | 1⅛ - ⅝ | 1¼ - 1⅛ | [illegible] | [illegible] | [illegible] | [illegible] |
| Canadian Dollar | 3½ - 3⅜ | [illegible] | [illegible] | [illegible] | 4 - 3⅞ | [illegible] |
| US Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 6 - 5¾ |
| Italian Lira | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japanese Yen | [illegible] | ½ - [illegible] | [illegible] - ½ | ⅝ - [illegible] | [illegible] | [illegible] |
| Asian $Sing | 1½ - 1¼ | 3¼ - 3⅛ | 3⅝ - 3½ | 3¾ - 3⅝ | [illegible] | [illegible] |

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 96.42 | 96.44 | +0.01 | 96.45 | 96.40 | 14,802 | 76,365 |
| Dec | 96.26 | 96.29 | +0.02 | 96.32 | 96.23 | 16,646 | 39,859 |
| Mar | 96.15 | 96.20 | +0.04 | 96.23 | 96.13 | 6,994 | 29,390 |

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 96.64 | 96.63 | -0.01 | 96.66 | 96.62 | 23564 | 259034 |
| Dec | 96.46 | 96.48 | +0.01 | 96.51 | 96.44 | 39811 | 303743 |
| Mar | 96.33 | 96.36 | +0.02 | 96.40 | 96.31 | 42212 | 265154 |
| Jun | 96.12 | 96.16 | +0.02 | 96.19 | 96.10 | 48642 | 201185 |

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Aug | - | 96.79 | +0.01 | - | - | 0 | 540 |
| Sep | - | 96.73 | +0.01 | - | - | 0 | 348 |
| Oct | 96.70 | 96.69 | +0.02 | 96.70 | 96.70 | 25 | 290 |
| Nov | 96.64 | 96.66 | +0.02 | 96.64 | 96.64 | 25 | 60 |

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 93.19 | 93.20 | -0.01 | 93.24 | 93.18 | 14267 | 107868 |
| Dec | 93.55 | 93.53 | -0.04 | 93.61 | 93.51 | 17682 | 89929 |
| Mar | 93.85 | 93.85 | -0.01 | 93.92 | 93.84 | 6220 | 51086 |
| Jun | 94.07 | 94.09 | -0.01 | 94.15 | 94.07 | 4785 | 40432 |

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 98.42 | 98.42 | -0.01 | 98.45 | 98.40 | 4792 | 60146 |
| Dec | 98.23 | 98.22 | -0.01 | 98.27 | 98.20 | 5231 | 49463 |
| Mar | 98.08 | 98.10 | - | 98.13 | 98.07 | 2863 | 22759 |
| Jun | 97.90 | 97.93 | -0.01 | 97.97 | 97.90 | 1893 | 6957 |

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | - | 99.39 | -0.02 | - | - | 0 | n/a |
| Dec | - | 99.34 | -0.05 | - | - | 0 | n/a |
| Mar | 99.22 | 99.22 | +0.06 | 99.22 | 99.22 | 500 | n/a |

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 95.60 | 95.62 | +0.02 | 95.63 | 95.60 | 1486 | 10816 |
| Dec | 95.54 | 95.58 | +0.03 | 95.59 | 95.54 | 1048 | 8571 |
| Mar | 95.55 | 95.57 | +0.04 | 95.57 | 95.55 | 160 | 6112 |
| Jun | 95.42 | 95.46 | +0.03 | 95.45 | 95.42 | 264 | 3433 |

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

| Strike Price | CALLS Sep | CALLS Dec | CALLS Mar | PUTS Sep | PUTS Dec | PUTS Mar |
|---|---|---|---|---|---|---|
| 9300 | 0.24 | 0.60 | 0.94 | 0.04 | 0.07 | 0.09 |
| 9325 | 0.07 | 0.40 | 0.73 | 0.12 | 0.12 | 0.13 |
| 9350 | 0.01 | 0.25 | 0.55 | 0.31 | 0.22 | 0.20 |

Est. vol. total, Calls 600 Puts 2950. Previous day's open int., Calls 130294 Puts 64292

## CROSS RATES AND DERIVATIVES

### EXCHANGE CROSS RATES

| Aug 7 | | BFr | DKr | FFr | DM | I£ | L | Fl | NKr | Es | Pta | SKr | SFr | £ | C$ | $ | Y | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | (BFr) | 100 | 18.44 | 16.33 | 4.841 | 1.805 | 4731 | 5.454 | 19.89 | 490.1 | 408.5 | 20.80 | 3.954 | 1.629 | 3.585 | 2.584 | 306.2 | 2.459 |
| Denmark | (DKr) | 54.24 | 10 | 8.859 | 2.625 | 0.979 | 2566 | 2.958 | 10.79 | 265.8 | 221.6 | 11.28 | 2.145 | 0.884 | 1.944 | 1.401 | 166.1 | 1.334 |
| France | (FFr) | 61.22 | 11.29 | 10 | 2.963 | 1.105 | 2897 | 3.339 | 12.18 | 300.0 | 250.1 | 12.74 | 2.421 | 0.997 | 2.195 | 1.582 | 187.5 | 1.506 |
| Germany | (DM) | 20.66 | 3.809 | 3.374 | 1 | 0.373 | 977.4 | 1.127 | 4.110 | 101.2 | 84.39 | 4.297 | 0.817 | 0.337 | 0.741 | 0.534 | 63.26 | 0.508 |
| Ireland | (I£) | 55.41 | 10.22 | 9.051 | 2.682 | 1 | 2622 | 3.022 | 11.02 | 271.6 | 226.4 | 11.53 | 2.191 | 0.903 | 1.987 | 1.432 | 169.7 | 1.363 |
| Italy | (L) | 2.114 | 0.390 | 0.345 | 0.102 | 0.038 | 100 | 0.115 | 0.420 | 10.36 | 8.634 | 0.440 | 0.084 | 0.034 | 0.076 | 0.055 | 6.472 | 0.052 |
| Netherlands | (Fl) | 18.33 | 3.380 | 2.995 | 0.887 | 0.331 | 867.5 | 1 | 3.647 | 89.85 | 74.90 | 3.814 | 0.725 | 0.299 | 0.657 | 0.474 | 56.14 | 0.451 |
| Norway | (NKr) | 50.27 | 9.268 | 8.210 | 2.433 | 0.907 | 2378 | 2.742 | 10 | 246.3 | 205.3 | 10.46 | 1.988 | 0.819 | 1.802 | 1.299 | 153.9 | 1.236 |
| Portugal | (Es) | 20.41 | 3.762 | 3.333 | 0.988 | 0.368 | 965.5 | 1.113 | 4.060 | 100 | 83.36 | 4.245 | 0.807 | 0.332 | 0.732 | 0.527 | 62.48 | 0.502 |
| Spain | (Pta) | 24.48 | 4.513 | 3.998 | 1.185 | 0.442 | 1158 | 1.335 | 4.870 | 120.0 | 100 | 5.092 | 0.968 | 0.399 | 0.878 | 0.633 | 74.95 | 0.602 |
| Sweden | (SKr) | 48.07 | 8.863 | 7.852 | 2.327 | 0.868 | 2274 | 2.622 | 9.564 | 235.6 | 196.4 | 10 | 1.901 | 0.783 | 1.723 | 1.242 | 147.2 | 1.182 |
| Switzerland | (SFr) | 25.29 | 4.663 | 4.131 | 1.224 | 0.456 | 1197 | 1.379 | 5.031 | 123.9 | 103.3 | 5.261 | 1 | 0.412 | 0.907 | 0.654 | 77.44 | 0.622 |
| UK | (£) | 61.38 | 11.32 | 10.03 | 2.971 | 1.108 | 2904 | 3.348 | 12.21 | 300.8 | 250.7 | 12.77 | 2.427 | 1 | 2.200 | 1.586 | 187.9 | 1.509 |
| Canada | (C$) | 27.89 | 5.143 | 4.556 | 1.350 | 0.503 | 1320 | 1.521 | 5.549 | 136.7 | 114.0 | 5.803 | 1.103 | 0.454 | 1 | 0.721 | 85.41 | 0.686 |
| USA | ($) | 38.70 | 7.135 | 6.321 | 1.873 | 0.698 | 1831 | 2.111 | 7.699 | 189.7 | 158.1 | 8.050 | 1.530 | 0.631 | 1.387 | 1 | 118.5 | 0.952 |
| Japan | (Y) | 32.66 | 6.021 | 5.334 | 1.581 | 0.589 | 1545 | 1.781 | 6.497 | 160.0 | 133.4 | 6.794 | 1.291 | 0.532 | 1.171 | 0.844 | 100 | 0.803 |
| Ecu | - | 40.66 | 7.497 | 6.642 | 1.968 | 0.734 | 1924 | 2.218 | 8.089 | 199.3 | 166.1 | 8.459 | 1.608 | 0.662 | 1.458 | 1.051 | 124.5 | 1 |

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 0.5328 | 0.5345 | +0.0018 | 0.5346 | 0.5307 | 25,785 | 127,250 |
| Dec | 0.5371 | 0.5371 | +0.0013 | 0.5377 | 0.5368 | 472 | 3,408 |
| Mar | - | 0.5397 | +0.0008 | 0.5397 | - | 169 | 644 |

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 0.8470 | 0.8509 | +0.0039 | 0.8515 | 0.8461 | 25,691 | 84,412 |
| Dec | 0.8602 | 0.8621 | +0.0042 | 0.8624 | 0.8599 | 319 | 2,171 |
| Mar | 0.8745 | 0.8735 | +0.0043 | 0.8745 | - | 8 | 413 |

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 0.6554 | 0.6564 | +0.0010 | 0.6576 | 0.6543 | 12,135 | 60,362 |
| Dec | 0.6640 | 0.6635 | +0.0014 | 0.6645 | 0.6635 | 70 | 2,227 |
| Mar | - | 0.6700 | +0.0012 | 0.6700 | - | 158 | 1,059 |

■ STERLING FUTURES (IMM) £62,500 per £

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 1.5992 | 1.5802 | -0.0182 | 1.6060 | 1.5756 | 19,856 | 52,442 |
| Dec | 1.5850 | 1.5730 | -0.0194 | 1.5850 | 1.5690 | 221 | 896 |
| Mar | - | 1.5650 | -0.0215 | - | 1.5800 | 4 | 209 |

## UK INTEREST RATES

### LONDON MONEY RATES

| Aug 7 | Over-night | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Interbank Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sterling CDs | - | - | [illegible] | [illegible] | [illegible] | [illegible] |
| Treasury Bills | - | - | [illegible] | [illegible] | - | - |
| Bank Bills | - | - | [illegible] | [illegible] | [illegible] | - |
| Local authority deps. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Discount Market deps | [illegible] | [illegible] | [illegible] | [illegible] | - | - |

UK clearing bank base lending rate 7 per cent from Aug 7, 1997

| | Up to 1 month | 1-3 month | 3-6 months | 6-9 months | 9-12 months |
|---|---|---|---|---|---|
| Certs of Tax dep. (£100,000) | 3½ | [illegible] | [illegible] | [illegible] | [illegible] |

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc. Ave. tender rate of discount on Aug 1, 6.7342pc. ECGD fixed rate Stg. Export Finance. Make up day Jul 31, 1997. Agreed rate for period Aug 26, 1997 to Sep 25, 1997, Scheme III 7.27pc. Reference rate for period Jul 1, 1997 to Jul 31, 1997, Scheme IV & V 7.035pc. Finance House Base Rate 7pc from Aug 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 92.72 | 92.80 | +0.08 | 92.81 | 92.69 | 61217 | 129029 |
| Dec | 92.55 | 92.69 | +0.14 | 92.70 | 92.54 | 60211 | 140615 |
| Mar | 92.59 | 92.74 | +0.15 | 92.75 | 92.54 | 40089 | 107769 |
| Jun | 92.57 | 92.72 | +0.16 | 92.74 | 92.56 | 30012 | 68549 |
| Sep | 92.61 | 92.76 | +0.15 | 92.78 | 92.61 | 11195 | 54426 |

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

| Strike Price | CALLS Sep | CALLS Dec | CALLS Mar | PUTS Sep | PUTS Dec | PUTS Mar |
|---|---|---|---|---|---|---|
| 9275 | 0.08 | 0.10 | 0.16 | 0.03 | 0.16 | 0.22 |
| 9300 | 0.01 | 0.02 | 0.07 | 0.21 | 0.33 | 0.38 |
| 9325 | 0 | 0 | 0.02 | 0.45 | 0.56 | 0.58 |

Est. vol. total, Calls 18279 Puts 9713. Previous day's open int., Calls 164272 Puts 171440

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 6.75 | Duncan Lawrie | 6.75 | Scottish Widows Bank | 6.75 |
| Allied Irish Bank (GB) | 7.00 | Exeter Bank Limited | 8.00 | •Singer & Friedlander | 7.00 |
| •Henry Ansbacher | 7.00 | Financial & Gen Bank | 7.50 | •Smith & Williamson Secs | 7.00 |
| Bank of Baroda | 7.00 | •Robert Fleming & Co | 7.00 | Sun Banking Corp Ltd | 7.00 |
| Banco Bilbao Vizcaya | 7.00 | •Guinness Mahon | 6.75 | TSB | 7.00 |
| Bank of Cyprus | 7.00 | Habib Bank AG Zurich | 7.00 | United Bank of Kuwait | 6.75 |
| Bank of Ireland | 6.75 | •Hambros Bank | 7.00 | Unity Trust Bank Plc | 7.00 |
| Bank of India | 6.75 | Heritable & Gen Inv Bk | 7.00 | Western Trust | 6.50 |
| Bank of Scotland | 7.00 | C. Hoare & Co | 6.75 | Whiteaway Laidlaw | 7.00 |
| Barclays Bank | 7.00 | Hongkong & Shanghai | 7.00 | Yorkshire Bank | 6.75 |
| Brit Bk of Mid East | 7.00 | Investec Bank (UK) Ltd | 7.00 | | |
| •Brown Shipley & Co Ltd | 6.75 | Julian Hodge Bank | 7.00 | | |
| Citibank NA | 7.00 | •Leopold Joseph & Sons | 7.00 | | |
| Clydesdale Bank | 7.00 | Lloyds Bank | 7.00 | | |
| The Co-operative Bank | 7.00 | Midland Bank | 7.00 | | |
| Coutts & Co | 7.00 | NatWestminster | 7.00 | | |
| Cyprus Popular Bank | 6.75 | •Rea Brothers | 7.00 | | |
| | | Royal Bk of Scotland | 7.00 | | |

• Members of London Investment Banking Association
* In administration

### EMS EUROPEAN CURRENCY UNIT RATES

| Aug 7 | Ecu cen. rates | Rate against Ecu | Change on day | % +/- from cen. rate | % spread v weakest | Div. ind. |
|---|---|---|---|---|---|---|
| Finland | 5.85424 | 5.89010 | -0.00858 | 0.61 | 2.68 | -4 |
| Ireland | 0.796709 | 0.735890 | -0.000778 | -7.78 | 12.00 | 52 |
| Portugal | 197.398 | 200.190 | -0.176 | 1.41 | 1.87 | -9 |
| Italy | 1906.48 | 1934.84 | -1.7 | 1.49 | 1.79 | -11 |
| Spain | 163.826 | 167.049 | -0.152 | 1.97 | 1.31 | -14 |
| Denmark | 7.34555 | 7.53449 | -0.00981 | 2.57 | 0.72 | -18 |
| Netherlands | 2.16979 | 2.22624 | -0.001 | 2.60 | 0.80 | -20 |
| Germany | 1.92573 | 1.97758 | -0.00174 | 2.69 | 0.60 | -27 |
| Austria | 13.5485 | 13.9152 | -0.0119 | 2.71 | 0.59 | -20 |
| Belgium | 39.7191 | 40.8359 | -0.0331 | 2.81 | 0.48 | -21 |
| France | 6.40883 | 6.67226 | -0.00958 | 3.31 | 0.00 | -26 |
| NON ERM MEMBERS | | | | | | |
| Greece | 295.269 | 308.096 | +0.127 | 4.88 | -1.31 | - |
| UK | 0.793103 | 0.660731 | +0.003885 | -16.69 | 24.00 | - |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

| Strike Price | CALLS Aug | CALLS Sep | CALLS Oct | PUTS Aug | PUTS Sep | PUTS Oct |
|---|---|---|---|---|---|---|
| 1.580 | 1.19 | 2.02 | 2.51 | 0.66 | 1.60 | 2.28 |
| 1.590 | 0.63 | 1.52 | 2.05 | 1.16 | 2.13 | 2.77 |
| 1.600 | 0.45 | 1.14 | 1.65 | 1.72 | 2.68 | 3.28 |

Previous day's vol., Calls 2,467 Puts 512. Prev. day's open int., Calls 32,382 Puts 37,059

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

| Strike Price | CALLS Aug | CALLS Sep | CALLS Oct | PUTS Aug | PUTS Sep | PUTS Oct |
|---|---|---|---|---|---|---|
| 0.530 | 0.51 | 0.95 | 1.26 | 0.29 | 0.55 | 0.83 |
| 0.535 | 0.29 | 0.68 | 0.97 | 0.49 | 0.79 | 1.03 |
| 0.540 | 0.14 | 0.48 | 0.78 | 0.85 | 1.13 | [illegible] |

Previous day's vol., Calls 747 Puts 1,513. Prev. day's open int., Calls [illegible] Puts [illegible]

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 94.26 | 94.26 | +0.01 | 94.27 | 94.25 | 41,650 | 523,747 |
| Dec | 94.09 | 94.09 | +0.01 | 94.11 | 94.08 | 51,821 | 468,447 |
| Mar | 94.02 | 94.04 | +0.04 | 94.04 | 93.97 | 56,525 | 332,962 |

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

| | Open | Latest | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 94.88 | 94.89 | +0.01 | 94.89 | 94.87 | 305 | 7,029 |
| Dec | - | 94.79 | +0.01 | 94.79 | 94.77 | 29 | 840 |

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

| Strike Price | CALLS Aug | CALLS Sep | CALLS Oct | CALLS Dec | PUTS Aug | PUTS Sep | PUTS Oct | PUTS Dec |
|---|---|---|---|---|---|---|---|---|
| 9625 | 0.38 | 0.39 | 0.28 | 0.30 | 0 | 0.01 | 0.05 | 0.07 |
| 9650 | 0.14 | 0.16 | 0.11 | 0.13 | 0.01 | 0.03 | 0.13 | 0.15 |
| 9675 | 0.01 | 0.02 | 0.02 | 0.03 | 0.13 | 0.17 | 0.29 | 0.30 |
| 9700 | 0 | 0 | 0 | 0.01 | 0.37 | 0.37 | 0.52 | 0.53 |
| 9725 | 0 | 0 | 0 | 0 | 0.62 | 0.62 | 0.77 | 0.75 |

Est. vol. total, Calls 1525 Puts 4627. Previous day's open int., Calls 265110 Puts 268079

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

| Strike Price | CALLS Sep | CALLS Dec | CALLS Mar | PUTS Sep | PUTS Dec | PUTS Mar |
|---|---|---|---|---|---|---|
| 9850 | 0.07 | 0.09 | 0.12 | [illegible] | [illegible] | [illegible] |
| 9875 | 0.02 | 0.03 | 0.06 | [illegible] | [illegible] | [illegible] |

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 3675 Puts 3457

## COMMODITIES AND AGRICULTURE

# LME chief warns on manipulation

MARKETS REPORT

By Gary Mead

The head of the London Metal Exchange, yesterday "fired a warning shot" across the bows of LME members after fears have grown that the market is being manipulated.

Mr David King, the LME's chief executive, called on members to ensure that their trading avoided any taint of manipulation.

He warned them that the exchange would "not hesitate to take disciplinary proceedings against members" who create "a disorderly market or other undesirable situation".

Those close to the market said Mr King's statement – while simply a re-statement of the exchange's rules – was a veiled reference to current squeezes and price jumps in both zinc and aluminium, and an earlier one in copper.

Mr King's move was seen by one specialist as "another, bigger warning shot across the bows", as it came shortly after he took the unusual step of personally addressing LME members on the same issue from the trading floor.

"It seems to imply he believes that manipulation is going on, and he probably hopes this will have a calming effect on the market," said one broker.

Another was sceptical, however, as to its likely impact. "They'll ignore him as they have done before," he said.

"What none of them seem to understand is that you can't have a squeeze against the fundamentals, and that's what's happening in these three metals, they're all in tight supply. We are now down to global stock levels of 7.3 weeks for aluminium and the critical level is generally accepted to be 6.5 weeks. I don't believe there is any manipulation going on."

Others also suggested that the zinc squeeze, in which Chinese smelters who sold the metal short were left facing substantial losses, was not manipulation but rather a legitimate use of the market by a large player, which is widely believed to be Glencore, the Swiss trading group.

In spite of Mr King's notice **aluminium** moved sharply upwards again yesterday, the three-month price closing $21 higher at $1,762.50 a tonne, having earlier touched $1,775, the highest level since early October 1995 and a gain of nearly 14 per cent over the past three weeks.

By the close, the backwardation in aluminium – the premium paid for cash delivery over that in three months' time – had increased to $30, double that of Wednesday's closing price. Three-month zinc also closed firmer, up $12 at $1,540 a tonne, with its backwardation sticking to around $100. Copper was drawn in the wake of both, finishing up $35 at $2,333 a tonne.

On the London International Financial Futures Exchange the markets in soft commodities sank deeper into August's doldrums.

The September robusta coffee future slipped $1 to $1,644 a tonne, with a continued outlook for moderate weather over the Brazilian coffee-growing regions.

On the Coffee, Sugar and Cocoa Exchange in New York the same month contract was busier, being up 6.95 cents to 207.50 cents a pound just before midday.

# More tests undertaken in Busang geologist case

By Neri Tenorio in Manila

Philippine experts said yesterday they were conducting further fingerprint tests, after the family of the Busang gold mine geologist who was reported to have fallen to his death from a helicopter over the jungles of Indonesia asked for his body to be exhumed.

A second fingerprint test is being undertaken on two old identification cards belonging to Michael de Guzman.

Earlier this week Mr JoJo de Guzman, the geologist's brother, said that fingerprints taken from the corpse did not appear to match those on the identity card.

Michael de Guzman was a leading figure in the Bre-X Minerals gold scandal. He helped discover what was claimed to be the biggest gold find this century, at Busang in Indonesia.

Initial suggestions from Bre-X that the deposit could contain up to 200m ounces of gold saw the small Canadian company's value rocket to C$8.8bn (US$4.9bn). But in May an independent technical audit judged that Bre-X had based its claim on "tampering and falsification without precedent in the history of mining".

Launching their campaign for an exhumation this week, the family said they were bothered by rumours that Mr de Guzman might still be alive. They added that they did not believe that tests by the Philippines National Bureau of Investigation showing matching thumb-prints on the cadaver, a 1995 temporary Indonesian immigration pass sent by Bre-X Minerals and an old identification from a previous Philippine employer.

The family has received reports of unconfirmed sightings of Michael de Guzman in countries such as Singapore and Indonesia.

An official at the NBI said his first test had conclusively proved that the cadaver and the person who owned the thumbprints on the cards were one and the same. However, he said he was conducting another test on the two cards after a request by the geologist's widow.

"I am going to take it slowly this time, maybe one week, to make sure that the results are really accurate, although I've said already the results of the first test I've done were conclusive," said Mr Bayani Palad, chief of the NBI's dactyloscopy division.

# Dutch farmers disgruntled over plans for pork

## Gordon Cramb on moves to reform the highly intensive pig sector

Tracts of Dutch countryside are under semi-siege. As the country's epidemic of swine fever edges north, farmers in affected areas are banned from shipping any sort of livestock.

Children's summer pony camps are being cancelled. A Saturday night gig by a rock band came under threat for fear that followers might bring it in on their boots.

"You can't do anything any more – no spreading of manure, no transporting animals, nothing," said a farmer from the eastern province of Overijssel, the latest to be hit. Verification of the virus this week at one holding near Dalfsen prompted the protective closure of eight others nearby.

Agriculture ministry inspectors arrive in white overalls and wellingtons, hammer a notice on the farm gate. By sunset a mechanical scoop is loading carcasses on to a high-sided truck. More than 5m pigs have met their end this way since the disease, harmless to humans, broke out near the Belgian border in February.

The Dutch epidemic, and an outbreak of foot and mouth disease in Taiwan, the main supplier of pork to Japan, have created volatility in pig prices worldwide. Sharp rises in April and May have been reversed, but they could rise again if Japan imports more from Europe.

The Dutch ministry says its cull, ban on breeding and transport curbs – although failing in their original intention to stop swine fever spreading north of the great rivers which bisect the country – have set new cases on a declining trend.

Its short-term measures are broadly supported by the LTO, the main agricultural association, which says that the outbreaks at 30 per week seen earlier in the year are now below 10.

But the two are locked in combat over plans unveiled last month to put the highly intensive pig sector into longer-term shape. Mr Jozias van Aartsen, the farm minister, is proposing a cut of a quarter in the number of animals produced.

In what he acknowledges is a drastic restructuring aimed at a "better, but by definition smaller, sector", Mr van Aartsen envisages a quota system comparable to that for dairy cattle.

- Pig production rights per farm would be 25 per cent below the 1996 headcount, could be transferred only within the same region, and only if the buyer met all requirements of the "farm of the future".
- Those wishing to expand would have to meet emission standards for ammonia, improve hygiene and house pigs more spaciously – a sow should have at least 2 sq m to 3 sq m.
- Breeders would be able to deliver to as few as three fattening farms, which would each be restricted to one such supplier.

Beyond that, Mr van Aartsen proposed to parliament that farmers themselves should increasingly bear the financial consequences of outbreaks of animal disease. Swine fever had cost the government more than Fl 1bn ($472m) so far this year, he noted, while the maximum contribution asked of the industry was Fl 42.5m. Levies would be linked to the extent which a farmer had undertaken preventative tasks.

The LTO denounces this as using the current crisis to demand measures "out of all proportion and counter-productive". It told the minister: "By cutting the number of animals by 25 per cent at each operation, the room for investment will decline. Dutch pig owners thus become deprived in the coming years of the potential to invest in, for instance, the environment and welfare."

In addition, it argued, any cut in domestic production would be taken up by livestock holders in other countries, or through the relocation of Dutch pig breeders to Belgium and Germany. The LTO rejected an invitation to meet Mr van Aartsen before producing its own proposals next month.

Although the number of dedicated piggeries more than halved to 21,245 last year from 44,127 in 1980, the pig population increased from 10.1m to 14.4m.

The industry, concentrated in the four provinces now touched by the virus, has since 1992 operated a quality control scheme covering 70 per cent of total pork production by the end of last year. This involves the exchange of data among producer, trader, slaughterhouse, cutting plant, butcher and supermarket in order to create an integral chain from farmer to retailer.

While pork is the most popular meat in the Netherlands, about three-quarters of output has in recent years been exported, earning some Fl 5.5bn last year. Germany has been the biggest customer for pigmeat, while Spain became the main export market for live piglets as the Dutch built a market in breeding stock.

All this is now in jeopardy. "There is a crumbling chain structure, poor discipline in the chain and an inadequate animal health approach, while public and consumer opinions on animal welfare and the environment are changing strongly," the ministry maintains.

If Mr van Aartsen has his way, the pig rearing industry in the Netherlands will never return to what had been regarded as normal.

A pig of a problem: swinefever spreads


## COMMODITIES PRICES

### BASE METALS

**LONDON METAL EXCHANGE**

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 1786.5-88.5 | 1768-69 |
| Previous | 1742.5-44.5 | 1736-37 |
| High/low | 1775/1771 | 1773/1753 |
| AM Official | 1775-76 | 1755-55.5 |
| Kerb close | | 1762-63 |
| Open int. | 290,094 | |
| Total daily turnover | 114,258 | |

■ ALUMINIUM ALLOY ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 1520-30 | 1550-52 |
| Previous | 1495-505 | 1520-30 |
| High/low | | 1555/1543 |
| AM Official | 1515-18 | 1545-47 |
| Kerb close | | 1545-50 |
| Open int. | 5,580 | |
| Total daily turnover | 1,150 | |

■ LEAD ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 602-3 | 617-8 |
| Previous | 587-88 | 604-05 |
| High/low | 605 | 620/615 |
| AM Official | 604-05 | 618.5-19.0 |
| Kerb close | | 618-9 |
| Open int. | 36,486 | |
| Total daily turnover | 13,664 | |

■ NICKEL ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 7140-50 | 7240-50 |
| Previous | 7080-90 | 7185-95 |
| High/low | | 7260/7160 |
| AM Official | 7076-77 | 7180-90 |
| Kerb close | | 7250-60 |
| Open int. | 51,877 | |
| Total daily turnover | 16,209 | |

■ TIN ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 5605-15 | 5635-40 |
| Previous | 5535-45 | 5580-90 |
| High/low | | 5640/5590 |
| AM Official | 5565-70 | 5590-95 |
| Kerb close | | 5635-40 |
| Open int. | 15,697 | |
| Total daily turnover | 5,137 | |

■ ZINC, special high grade ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 1645-48 | 1539-40 |
| Previous | 1620-25 | 1522-23 |
| High/low | 1548/1547 | 1557/1526 |
| AM Official | 1647-48 | 1541-42 |
| Kerb close | | 1540-41 |
| Open int. | 97,426 | |
| Total daily turnover | 45,392 | |

■ COPPER, grade A ($ per tonne)

| | Cash | 3 mths |
|---|---|---|
| Close | 2358-61 | 2329-30 |
| Previous | 2307-10 | 2287-88 |
| High/low | 2339 | 2333/2297 |
| AM Official | 2339-40 | 2309-10 |
| Kerb close | | 2332-33 |
| Open int. | 140,819 | |
| Total daily turnover | 43,312 | |

■ LME AM Official £/$ rate: 1.5983
LME Closing £/$ rate: 1.5880

Spot: 1.5880 3 mths: 1.5835 6 mths: 1.5780 9 mths: 1.5706

■ HIGH GRADE COPPER (COMEX)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Aug | 107.90 | +1.70 | 108.70 | 107.00 | 351 | 2,669 |
| Sep | 108.10 | +1.90 | 108.90 | 106.20 | 4,117 | 21,021 |
| Oct | 106.90 | +1.70 | 107.10 | 106.80 | 30 | 1,894 |
| Nov | 106.10 | +1.70 | 106.10 | 106.10 | 34 | 1,373 |
| Dec | 105.40 | +1.80 | 105.75 | 104.50 | 456 | 8,004 |
| Jan | 104.80 | +1.30 | – | – | 1 | 656 |
| Total | | | | | 5,858 | 43,085 |

### PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

| Gold(Troy oz) | $ price | £ equiv | SFr equiv |
|---|---|---|---|
| Close | 321.25-321.55 | | |
| Opening | 318.80-319.10 | | |
| Morning fix | 318.95 | 199.12 | 487.99 |
| Afternoon fix | 321.00 | 202.40 | 491.13 |
| Day's High | 322.50-323.00 | | |
| Day's Low | 318.05-318.35 | | |
| Previous close | 319.90-320.40 | | |

Loco Ldn Mean Gold Lending Rates (Vs US$)

| | | | |
|---|---|---|---|
| 1 month | 3.66 | 6 months | 3.66 |
| 2 months | 3.68 | 12 months | 3.75 |
| 3 months | 3.68 | | |

| Silver Fix | p/troy oz. | US cts equiv. |
|---|---|---|
| Spot | 271.10 | 432.50 |
| 3 months | 275.15 | 437.45 |
| 6 months | 279.35 | 442.55 |
| 1 year | 288.10 | 453.30 |
| **Gold Coins** | **$ price** | **£ equiv.** |
| Krugerrand | 319-321 | 201-202 |
| Maple Leaf | - | - |
| New Sovereign | 75-77 | 47-49 |

### Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Aug | 321.5 | +3.3 | 322.5 | 318.1 | 285 | 795 |
| Sep | 322.4 | +3.3 | – | – | 2 | 2 |
| Oct | 323.7 | +3.3 | 324.7 | 320.0 | 944 | 15,300 |
| Dec | 325.8 | +3.3 | 327.0 | 322.1 | 20,371 | 115.3k |
| Feb | 327.8 | +3.2 | 327.9 | 325.0 | 224 | 12,406 |
| Apr | 329.8 | +3.2 | – | – | 6 | 5,478 |
| Total | | | | | 21,811 | 196,316 |

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Oct | 432.6 | +1.6 | 437.0 | 426.0 | 2,584 | 11,987 |
| Jan | 423.1 | +1.6 | 426.0 | 418.5 | 50 | 2,501 |
| Apr | 416.1 | +1.6 | 419.0 | 413.5 | 3 | 408 |
| Total | | | | | n/a | n/a |

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 212.50 | –3.10 | 213.00 | 205.25 | 533 | 4,324 |
| Dec | 201.50 | –6.10 | 203.50 | 195.60 | 72 | 1,202 |
| Mar | 195.50 | –6.10 | – | – | 1 | 136 |
| Jun | 194.00 | –6.10 | – | – | – | 107 |
| Total | | | | | n/a | n/a |

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Aug | 436.1 | +4.4 | – | – | – | – |
| Sep | 437.5 | +4.2 | 439.0 | 431.0 | 5,570 | 54,893 |
| Dec | 443.9 | +4.3 | 445.5 | 437.5 | 723 | 18,593 |
| Jan | 445.5 | +4.3 | – | – | – | 20 |
| Mar | 450.1 | +4.3 | 451.0 | 448.0 | 7 | 10,222 |
| May | 454.1 | +4.3 | 452.5 | 452.5 | 22 | 2,978 |
| Total | | | | | 6,302 | 93,800 |

### ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 20.50 | +0.04 | 20.63 | 20.25 | 42,988 | 93,173 |
| Oct | 20.63 | +0.07 | 21.44 | 20.35 | 21,846 | 64,258 |
| Nov | 20.68 | +0.10 | 20.78 | 20.40 | 6,065 | 35,139 |
| Dec | 20.71 | +0.13 | 20.74 | 20.40 | 11,159 | 49,838 |
| Jan | 20.65 | +0.12 | 20.70 | 20.40 | 3,450 | 27,561 |
| Feb | 20.60 | +0.11 | 20.64 | 20.35 | 1,174 | 13,525 |
| Total | | | | | n/a | n/a |

■ CRUDE OIL IPE ($/barrel)

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 19.16 | –0.04 | 19.23 | 18.88 | 12,457 | 51,412 |
| Oct | 19.28 | –0.02 | 19.35 | 19.04 | 8,684 | 57,852 |
| Nov | 19.39 | +0.01 | 19.42 | 19.20 | 1,128 | 14,792 |
| Dec | 19.47 | +0.01 | 19.49 | 19.30 | 1,010 | 19,708 |
| Jan | 19.51 | +0.06 | 19.51 | 19.30 | 842 | 14,542 |
| Feb | 19.40 | +0.01 | 19.40 | 19.27 | 572 | 6,050 |
| Total | | | | | n/a | n/a |

■ HEATING OIL NYMEX (42,000 US galls; c/US galls.)

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 56.85 | –0.33 | 57.15 | 56.35 | 13,687 | 42,108 |
| Oct | 57.40 | –0.23 | 57.65 | 57.10 | 5,275 | 26,514 |
| Nov | 58.20 | –0.03 | 58.30 | 57.75 | 1,042 | 17,358 |
| Dec | 58.80 | –0.08 | 58.95 | 58.40 | 2,774 | 20,044 |
| Jan | 59.35 | +0.07 | 59.35 | 59.00 | 1,225 | 14,892 |
| Feb | 59.40 | +0.22 | 59.40 | 58.90 | 501 | 7,873 |
| Total | | | | | n/a | n/a |

■ GAS OIL IPE ($/tonne)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Aug | 172.50 | –2.75 | 174.00 | 172.00 | 4,205 | 15,881 |
| Sep | 174.00 | –2.75 | 175.50 | 173.25 | 5,057 | 21,280 |
| Oct | 176.00 | –2.75 | 177.00 | 175.25 | 1,155 | 10,288 |
| Nov | 177.25 | –2.75 | 178.00 | 176.25 | 933 | 5,792 |
| Dec | 178.50 | –2.50 | 179.25 | 177.50 | 1,044 | 12,964 |
| Jan | 179.00 | –2.00 | 179.50 | 178.50 | 254 | 7,744 |
| Total | | | | | 14,398 | 86,865 |

■ NATURAL GAS IPE (1,000 therms; pence per therm)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 9.350 | –0.050 | 9.400 | 9.350 | 50 | 445 |
| Oct | 10.950 | –0.150 | 11.000 | 10.950 | 50 | 1,080 |
| Total | | | | | 360 | 5,865 |

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 2.445 | +0.094 | 2.515 | 2.345 | 17,483 | 44,055 |
| Oct | 2.445 | +0.089 | 2.500 | 2.355 | 9,284 | 28,013 |
| Nov | 2.535 | +0.061 | 2.570 | 2.470 | 3,057 | 14,331 |
| Dec | 2.625 | +0.070 | 2.668 | 2.550 | 2,480 | 16,932 |
| Jan | 2.645 | +0.075 | 2.670 | 2.600 | 3,409 | 17,755 |
| Feb | 2.520 | +0.060 | 2.550 | 2.480 | 1,973 | 12,002 |
| Total | | | | | n/a | n/a |

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

| | Latest price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 65.55 | –0.51 | 66.50 | 65.15 | 20,733 | 45,473 |
| Oct | 60.50 | –0.23 | 61.15 | 60.10 | 8,194 | 16,824 |
| Nov | 58.85 | +0.12 | 58.85 | 58.40 | 2,073 | 8,692 |
| Dec | 58.15 | +0.12 | 58.40 | 57.75 | 1,055 | 9,089 |
| Jan | 57.80 | –0.18 | 57.90 | 57.80 | 536 | 7,712 |
| Feb | 58.20 | –0.06 | 58.30 | 58.20 | 215 | 1,980 |
| Total | | | | | n/a | n/a |

### GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 83.75 | +1.00 | 83.75 | 83.75 | 10 | 222 |
| Nov | 86.75 | +1.10 | 87.00 | 85.75 | 251 | 3,753 |
| Jan | 88.80 | +1.05 | 89.00 | 87.75 | 255 | 2,374 |
| Mar | 91.00 | +1.25 | 91.00 | 90.00 | 85 | 1,481 |
| May | 92.90 | +1.15 | 93.00 | 92.00 | 40 | 864 |
| Jul | 94.90 | +1.15 | – | – | – | 36 |
| Total | | | | | 641 | 8,730 |

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 363.25 | +1.00 | 367.00 | 358.00 | 6,683 | 37,379 |
| Dec | 377.75 | +0.75 | 382.00 | 372.50 | 13,485 | 45,416 |
| Mar | 388.25 | +0.50 | 391.00 | 382.50 | 2,125 | 14,695 |
| May | 388.00 | +2.00 | 391.00 | 383.50 | 127 | 1,391 |
| Jul | 379.75 | +1.75 | 381.00 | 375.50 | 295 | 4,750 |
| Dec | 390.00 | –2.00 | 390.00 | 388.00 | 1 | 1 |
| Total | | | | | 22,716 | 103,653 |

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 250.00 | –9 | 254.25 | 249.50 | 13,750 | 53,377 |
| Dec | 253.00 | –8.5 | 261.75 | 252.00 | 36,934 | 152,182 |
| Mar | 261.00 | –8.5 | 265.25 | 260.50 | 3,296 | 33,624 |
| May | 265.75 | –7.75 | 269.75 | 265.00 | 1,222 | 7,432 |
| Jul | 268.00 | –7.75 | 275.00 | 267.00 | 1,265 | 12,891 |
| Sep | 259.00 | –3.5 | 260.00 | 259.00 | 415 | 1,418 |
| Total | | | | | 56,844 | 288,712 |

■ BARLEY LIFFE (100 tonnes; £ per tonne)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 78.75 | +0.75 | 79.00 | 78.20 | 25 | 101 |
| Nov | 81.50 | +0.75 | 82.00 | 81.00 | 98 | 1,108 |
| Jan | 83.65 | +0.90 | 84.00 | 83.00 | 47 | 285 |
| Mar | 85.65 | +0.90 | 85.75 | 85.00 | 18 | 219 |
| May | 87.00 | +1.05 | – | – | – | 14 |
| Total | | | | | 188 | 1,727 |

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Aug | 745.50 | –23.50 | 770.00 | 742.00 | 4,422 | 10,677 |
| Sep | 660.00 | –19.50 | 679.00 | 657.50 | 3,994 | 17,240 |
| Nov | 628.50 | –21.50 | 648.00 | 626.00 | 34,186 | 73,845 |
| Jan | 632.50 | –20.25 | 647.50 | 631.00 | 1,393 | 15,786 |
| Mar | 641.75 | –20.00 | 651.00 | 639.00 | 508 | 5,168 |
| May | 647.25 | –19.75 | 658.50 | 647.00 | 305 | 3,845 |
| Total | | | | | 45,113 | 138,255 |

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Aug | 21.64 | –0.45 | 22.05 | 21.53 | 3,558 | 2,953 |
| Sep | 21.74 | –0.50 | 22.24 | 21.67 | 6,039 | 20,201 |
| Oct | 21.86 | –0.52 | 22.25 | 21.88 | 232 | 16,006 |
| Dec | 22.22 | –0.53 | 22.74 | 21.95 | 4,702 | 43,167 |
| Jan | 22.35 | –0.55 | 22.60 | 22.32 | 12 | 6,742 |
| Mar | 22.78 | –0.47 | 22.95 | 22.75 | 100 | 4,789 |
| Total | | | | | 14,667 | 97,358 |

■ SOYABEAN MEAL CBT (100 tons; $/ton)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Aug | 254.6 | –6.3 | 260.5 | 254.5 | 2,608 | 11,014 |
| Sep | 229.4 | –5.3 | 234.0 | 229.0 | 2,890 | 21,009 |
| Oct | 214.8 | –5.1 | 218.0 | 214.0 | 1,640 | 15,571 |
| Dec | 208.5 | –5.6 | 213.6 | 207.5 | 5,901 | 40,013 |
| Jan | 205.8 | –6.2 | 208.2 | 205.2 | 76 | 5,902 |
| Mar | 203.5 | –5.9 | 206.0 | 202.6 | 340 | 7,614 |
| Total | | | | | 14,017 | 107,741 |

■ POTATOES LIFFE (20 tonnes; £ per tonne)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Nov | 62.0 | – | – | – | – | 6 |
| Mar | 104.5 | +7.5 | – | – | – | – |
| Apr | 120.5 | +7.5 | 125.0 | 115.0 | 189 | 1,196 |
| May | 130.5 | +7.5 | – | – | – | 2 |
| Jun | 140.5 | +7.5 | – | – | – | – |
| Total | | | | | 189 | 1,206 |

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Aug | 1280 | –15 | 1280 | 1270 | 27 | 793 |
| Sep | 1340 | –19 | 1340 | 1335 | 10 | 527 |
| Oct | 1445 | –20 | 1443 | 1415 | 61 | 1,511 |
| Jan | 1465 | –20 | – | – | – | 234 |
| Total | | | | | 98 | 3,075 |

| | Close | Prev |
|---|---|---|
| BFI | 1284 | 1279 |

### PULP AND PAPER

■ PULPEX OMLX ($8; 24 air dry tons)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 537.00 | –2.00 | 537.00 | 537.00 | 3 | 193 |
| Dec | 559.00 | – | 559.00 | 558.00 | 10 | 118 |
| Total | | | | | 63 | 324 |

FUTURES DATA
*All futures data supplied by CMS.*

**Wool**

Prices fell on the first two selling days in Australia this week, Mallett & Co reports. The main eastern market indicator dropped 14 Australian cents to 704 on August 5 and a further 9 cents to 695 on the next day. However, the market began to look firmer at yesterday's final sales in Sydney and Melbourne and the indicator regained 1 cent to close at 696. European buyers were active, taken by some as confirmation of low stocks and the need to keep new supplies coming in to match machinery needs. There is reasonable confidence throughout the industry for longer term market strength.

### SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 1011 | +10 | 1018 | 999 | 773 | 22,050 |
| Dec | 1041 | +9 | 1048 | 1030 | 1,087 | 42,923 |
| Mar | 1061 | +9 | 1068 | 1053 | 573 | 50,134 |
| May | 1076 | +6 | 1085 | 1069 | 69 | 21,807 |
| Jul | 1092 | +6 | 1094 | 1085 | 27 | 7,474 |
| Sep | 1110 | +8 | 1110 | 1105 | 72 | 10,893 |
| Total | | | | | 2,838 | 176,102 |

■ COCOA CSCE (10 tonnes; $/tonnes)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 1460 | +2 | 1470 | 1445 | 6,075 | 19,387 |
| Dec | 1504 | – | 1511 | 1490 | 4,251 | 26,981 |
| Mar | 1538 | – | 1543 | 1528 | 1,228 | 25,673 |
| May | 1558 | – | 1559 | 1550 | 1,409 | 12,046 |
| Jul | 1580 | +2 | 1582 | 1570 | 97 | 1,591 |
| Sep | 1601 | +2 | 1604 | 1590 | 20 | 3,759 |
| Total | | | | | 13,389 | 101,376 |

■ COCOA (ICCO) (SDR's/tonne)

| Aug 6 | Price | Prev. day |
|---|---|---|
| Daily | 1185.87 | 1200.91 |

■ COFFEE LIFFE (5 tonnes; $/tonne)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 1644 | –1 | 1648 | 1603 | 1,189 | 18,132 |
| Nov | 1646 | –4 | 1650 | 1610 | 1,143 | 14,339 |
| Jan | 1624 | –4 | 1630 | 1590 | 182 | 6,341 |
| Mar | 1600 | –3 | – | – | – | 1,676 |
| May | 1590 | –3 | – | – | – | 190 |
| Jul | 1585 | –3 | – | – | – | 20 |
| Total | | | | | 2,484 | 40,698 |

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 208.80 | +8.25 | 209.75 | 199.50 | 4,554 | 8,972 |
| Dec | 176.25 | +6.00 | 177.00 | 168.00 | 2,549 | 6,862 |
| Mar | 155.00 | +3.95 | 155.00 | 149.00 | 419 | 3,438 |
| May | 148.00 | +3.50 | 150.00 | 144.40 | 86 | 1,094 |
| Jul | 142.50 | +2.45 | 141.50 | 140.00 | 68 | 754 |
| Sep | 137.50 | +2.00 | – | – | 2 | 312 |
| Total | | | | | 7,678 | 21,510 |

■ COFFEE (ICO) (US cents/pound)

| Aug 6 | | Prev. day |
|---|---|---|
| Comp. daily | 140.03 | 141.62 |
| 15 day average | 135.82 | 135.04 |

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Oct | 323.2 | –1.5 | 328.0 | 323.0 | 838 | 15,344 |
| Dec | 320.2 | –1.5 | 323.0 | 320.1 | 419 | 5,663 |
| Mar | 320.8 | –1.4 | 323.8 | 320.6 | 748 | 7,283 |
| May | 319.3 | –1.4 | 322.8 | 319.6 | 145 | 1,437 |
| Aug | 317.8 | –0.5 | 318.0 | 318.0 | 10 | 917 |
| Oct | 310.3 | –2.8 | 314.1 | 313.5 | 20 | 1,823 |
| Total | | | | | 2,210 | 32,637 |

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Oct | 11.58 | –0.09 | 11.87 | 11.56 | 6,479 | 112.6k |
| Mar | 11.78 | –0.02 | 11.93 | 11.77 | 3,032 | 59,135 |
| May | 11.72 | –0.03 | 11.88 | 11.72 | 691 | 12,674 |
| Jul | 11.61 | –0.01 | 11.74 | 11.67 | 321 | 7,400 |
| Oct | 11.56 | +0.04 | 11.64 | 11.56 | 45 | 3,189 |
| Mar | 11.47 | +0.01 | 11.52 | 11.46 | 31 | 919 |
| Total | | | | | 10,570 | 195,983 |

■ COTTON NYCE (50,000lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Oct | 74.31 | –1.12 | 75.40 | 73.90 | 889 | 11,063 |
| Dec | 74.40 | –1.00 | 75.39 | 74.00 | 10,674 | 42,631 |
| Mar | 75.72 | –0.93 | 76.50 | 75.30 | 487 | 10,950 |
| May | 76.30 | –0.95 | 77.08 | 76.00 | 70 | 2,765 |
| Jul | 76.63 | –0.97 | 77.40 | 76.50 | 12 | 1,541 |
| Oct | 75.20 | –1.55 | 75.50 | 75.30 | – | 560 |
| Total | | | | | 12,589 | 75,341 |

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

| | Sett price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Sep | 76.25 | +0.65 | 76.85 | 75.50 | 825 | 15,674 |
| Nov | 78.25 | +0.50 | 78.90 | 77.75 | 545 | 8,903 |
| Jan | 81.05 | +0.60 | 81.65 | 80.80 | 129 | 4,156 |
| Mar | 84.10 | +0.30 | 84.55 | 83.70 | 180 | 2,784 |
| May | 86.90 | +0.35 | 87.00 | 86.50 | 30 | 584 |
| Jul | 88.65 | +0.35 | 89.30 | 89.30 | 25 | 295 |
| Total | | | | | 1,738 | 32,607 |

**VOLUME DATA**
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

### INDICES

■ Reuters (Base: 18/9/31 = 100)

| Aug 7 | Aug 6 | month ago | year ago |
|---|---|---|---|
| 1922.2 | 1920.5 | 1904.3 | 1931.6 |

■ CRB Futures (Base: 1967 = 100)

| Aug 6 | Aug 5 | month ago | year ago |
|---|---|---|---|
| 242.81 | 243.60 | | |

■ GSCI Spot (Base: 1970 = 100)

| Aug 6 | Aug 5 | month ago | year ago |
|---|---|---|---|
| 196.34 | 197.36 | 181.15 | 196.89 |

LME WAREHOUSE STOCKS (tonnes)

| | | | |
|---|---|---|---|
| Aluminium | –1,400 | to | 623,625 |
| Aluminium alloy | – | to | 55,400 |
| Copper | +800 | to | 245,775 |
| Lead | –50 | to | 119,825 |
| Nickel | +296 | to | 55,134 |
| Zinc | –25 | to | 398,900 |
| Tin | +145 | to | 11,405 |

### MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

| | Sett Price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Aug | 65.875 | –0.700 | 66.800 | 65.800 | 3,066 | 13,629 |
| Oct | 69.475 | –0.525 | 70.175 | 69.450 | 8,286 | 53,314 |
| Dec | 71.575 | –0.275 | 72.100 | 71.475 | 2,406 | 20,927 |
| Feb | 73.075 | –0.375 | 73.625 | 73.000 | 1,710 | 10,231 |
| Apr | 74.600 | –0.150 | 74.900 | 74.450 | 471 | 4,277 |
| Jun | 71.250 | –0.350 | 71.625 | 71.250 | 143 | 2,880 |
| Total | | | | | 16,107 | 105,920 |

■ LEAN HOGS CME (40,000lbs; cents/lbs)

| | Sett Price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Aug | 80.750 | +0.700 | 80.850 | 80.125 | 2,034 | 7,080 |
| Oct | 73.000 | +0.300 | 73.200 | 72.350 | 6,418 | 18,130 |
| Dec | 69.200 | +0.250 | 69.300 | 68.675 | 1,542 | 6,399 |
| Feb | 67.400 | +0.150 | 67.600 | 67.100 | 211 | 2,385 |
| Apr | 63.325 | +0.050 | 63.675 | 63.275 | 114 | 1,473 |
| Jun | 68.625 | +0.075 | 68.950 | 68.600 | 16 | 807 |
| Total | | | | | 10,372 | 37,183 |

■ PORK BELLIES CME (40,000lbs; cents/lbs)

| | Sett Price | Day's change | High | Low | Vol | Open int |
|---|---|---|---|---|---|---|
| Aug | 84.900 | –3.000 | 87.800 | 84.900 | 748 | 1,948 |
| Feb | 75.200 | +0.050 | 76.175 | 74.000 | 1,248 | 3,458 |
| Mar | 74.975 | –0.100 | 75.800 | 73.750 | 28 | 99 |
| May | 74.575 | –0.125 | 74.800 | 73.900 | 1 | 17 |
| Jul | 76.550 | – | – | – | 2 | 15 |
| Total | | | | | 2,025 | 5,544 |

### LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

| | Calls | | Puts | |
|---|---|---|---|---|
| ■ ALUMINIUM (99.7%) LME | Sep | Nov | Sep | Nov |
| 1700 | 85 | 112 | 22 | 56 |
| 1750 | 55 | 86 | 42 | 79 |
| 1800 | 33 | 64 | 69 | 106 |
| ■ COPPER (Grade A) LME | Sep | Nov | Sep | Nov |
| 2250 | 134 | 137 | 18 | 66 |
| 2300 | 97 | 108 | 31 | 86 |
| 2350 | 66 | 85 | 49 | 112 |
| ■ COFFEE LIFFE | Sep | Nov | Sep | Nov |
| 1600 | 84 | 153 | 40 | 107 |
| 1650 | 58 | 131 | 64 | 135 |
| 1700 | 38 | 112 | 94 | 166 |
| ■ COCOA LIFFE | Sep | Dec | Sep | Dec |
| 1000 | 29 | 86 | 18 | 45 |
| 1025 | 18 | 72 | 32 | 56 |
| 1050 | 11 | 60 | 50 | 69 |
| ■ BRENT CRUDE IPE | Sep | Oct | Sep | Oct |
| 1900 | - | - | 22 | - |
| 1950 | 11 | 49 | - | - |
| 2000 | 2 | 37 | - | - |

### LONDON SPOT MARKETS

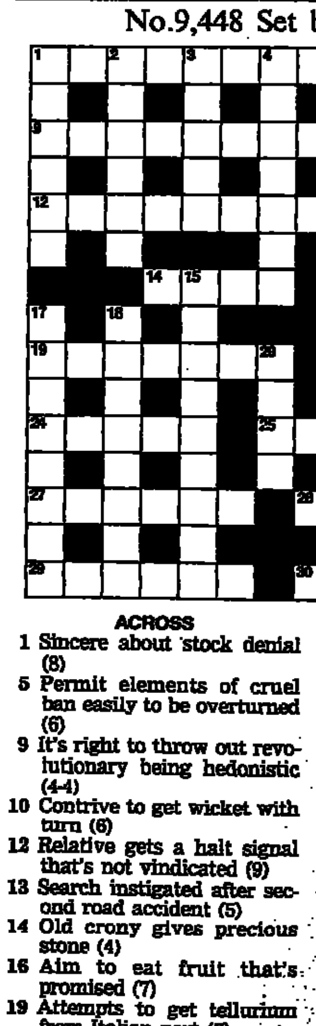
| ■ CRUDE OIL FOB (per barrel) | | +or- |
|---|---|---|
| Dubai | $17.89-7.92w | -0.285 |
| Brent Blend (dated) | $18.90-8.92 | -0.19 |
| Brent Blend (Sep) | $19.12-9.14 | -0.07 |
| W.T.I. | $20.47-0.51w | -0.07 |
| ■ OIL PRODUCTS NWE prompt delivery CIF (tonne) | | |
| Premium Gasoline | $234-238 | -6 |
| Gas Oil | $174-176 | -3 |
| Heavy Fuel Oil | $89-91 | |
| Naphtha | $194-195 | |
| Jet fuel | $190-192 | -2 |
| Diesel | $178-180 | -2 |
| ■ NATURAL GAS (Pence/therm) | | |
| Bacton (Aug) | 9.50-9.70 | |
| *Petroleum Argus. Tel. London (0171) 359 8792* | | |
| ■ OTHER | | |
| Gold (per troy oz)♣ | $321.40 | +1.25 |
| Silver (per troy oz)♣ | 439.00c | +1.00 |
| Platinum (per troy oz.) | $430.00 | -6.00 |
| Palladium (per troy oz.) | $219.00 | -13.00 |
| Copper | 112.0c | -1.0 |
| Lead (US prod.) | 45.00c | |
| Tin (Kuala Lumpur) | 14.34r | |
| Tin (New York) | 260.5 | |
| Cattle (live weight) | 98.51p | +1.21* |
| Sheep (live weight) | 110.24p | +4.71* |
| Pigs (live weight)† | 75.70p | -3.54* |
| Lon. day sugar (raw) | $264.30 | +1.60 |
| Lon. day sugar (wte) | $342.20 | -0.30 |
| Barley (Eng. feed) | Unq | |
| Maize (US No3 Yellow) | £109.00 | |
| Wheat (US Dark North) | Unq | |
| Rubber (Sep)♥ | 81.75p | |
| Rubber (Oct)♥ | 82.00p | |
| Rubber (KL RSS No1) | 248.0x | -1.0 |
| Coconut Oil (Phil)§ | 585.0y | +5.0 |
| Palm Oil (Malay.)§ | 500.0z | +5.0 |
| Copra (Phil)§ | $385.0y | +2.5 |
| Soyabeans (US) | 211.0 | +1.0 |
| Cotton Outlook'A' index | 81.85c | +0.15 |
| Wooltops (64s Super) | 415p | -4 |

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jul/Aug. z Aug. w Sep. ♥London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 1,321 head of pigs sold.

JOTTER PAD

## CROSSWORD

No.9,448 Set by ARMONIE



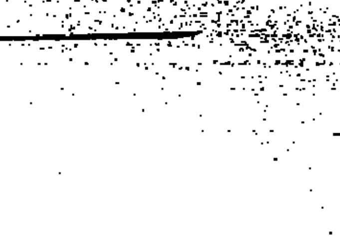
ACROSS

1 Sincere about stock denial (8)
5 Permit elements of cruel ban easily to be overturned (6)
9 It's right to throw out revolutionary being hedonistic (4-4)
10 Contrive to get wicket with turn (6)
12 Relative gets a halt signal that's not vindicated (9)
13 Search instigated after second road accident (5)
14 Old crony gives precious stone (4)
16 Aim to eat fruit that's promised (7)
19 Attempts to get tellurium from Italian port (7)
21 In the Middle East, it makes a small contribution (4)
24 Staple diet for rhino (5)
25 Romanians transformed the republic (3,6)
27 I am getting protective clothing with oriental drink (6)
28 Cross section rejected means of escape (4,4)
29 Tagged novel appliance (6)
30 Small sack of waste (8)

DOWN

1 Rib's not in stew (6)
2 Raise the matter of British fish (6)
3 It is raised on the tenth (5)
4 Be away from wonderful naval officer (7)
6 Visual problem for listeners in the dark (4,5)
7 Resent having to give way about Spain and Greece (8)
8 Incident occurring over fish, later in the day (8)
11 Border plant having head removed (4)
15 Affected a bold pose in dance (4,5)
17 In the US Bill tucked into drink in beastly accommodation (8)
18 Almost every bird settled where the bench feels (5)
20 Seer's exotic language (4)
21 Trespasser's peril requires word of comfort repeated quietly (3,4)
22 End up accepting doctor's bloomer (6)
23 Harsh lessons in pronunciation (6)
26 Horrify a European when climbing (6)

Solution 9,447



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# FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

## OFFSHORE AND OVERSEAS

### BERMUDA (SIB RECOGNISED)

### BERMUDA (REGULATED)(**)

### GUERNSEY (SIB RECOGNISED)

### GUERNSEY (REGULATED)(**)

### IRELAND (SIB RECOGNISED)

### IRELAND (REGULATED)(**)

### ISLE OF MAN (SIB RECOGNISED)

### ISLE OF MAN (REGULATED)(**)

### JERSEY (SIB RECOGNISED)

### JERSEY (REGULATED)(**)

### LUXEMBOURG (SIB RECOGNISED)

Offshore Funds and Insurances

# FT MANAGED FUNDS SERVICE

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| | Init Charge | Notes | Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **BAII Asset Management Ltd** | | | | | | |
| 10 Piccadilly, London W1V 0EE | | | | | 0171 734 3700 | |
| Intermarket NAV Jul 31 F. | | | $651.42 | | +0.10 | - |
| **Interportfolio Fund** | | | | | | |
| Convertible (US$) Jul 16 | | | $775.54 | | — | - |
| Convertible (FFr) Jul 16 F. | | | FFr3348.47 | | — | - |
| Comfort (US$) | | 2 | $540.83 | | — | - |
| **Bank Von Ernst & Cie AG** | | | | | | |
| Marktgasse 63/65, 3001 Berne, Switzerland | | | | | 0041 31 3201111 | |
| UK Equity | | | £17.77 | | +0.18 | - |
| UK Smaller Co's Eqty | | | £25.33 | | -0.06 | - |
| Nth American Equity | | | $17.85 | | +0.14 | - |
| US Smaller Co's Eqty | | | $25.18 | | +0.24 | - |
| Pacific Basin Equity | | | $15.33 | | -0.03 | - |
| Japanese Equity | | | Y679 | | -1 | - |
| European Equity | | | DM19.83 | | +0.26 | - |
| Swiss Equity | | | SFr16.85 | | +0.12 | - |
| Sterling Fixed Int | | | £15.97 | | +0.08 | - |
| Sterling Fixed Int Div | | | £11.85 | | +0.04 | - |
| European Fixed Int | | | DM13.70 | | +0.02 | - |
| European Fixed Int Div | | | DM9.48 | | +0.02 | - |
| DM Bond Cap. | | | DM11.15 | | -0.01 | - |
| DM Short Term Cap. | | | DM20.16 | | — | - |
| Global Equity | | | $15.50 | | +0.12 | - |

[illegible]

| | Init Charge | Notes | Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Frontrunner I - Contd.** | | | | | | |
| North American Equities | | 5 | $107.46 | | — | - |
| Danish Kroner Reserve | | | DKr111.13 | | — | - |
| Swedish Kroner Reserve | | | SKr116.70 | | — | - |
| German Mark Reserve | | | DM108.20 | | — | - |
| US Dollar Reserve | | 3 | $101.24 | | — | - |
| ECU Reserve | | | Ecu110.92 | | — | - |
| Norwegian Kroner Reserve | | | NKr100.03 | | — | - |
| Garant 2/1996 | | 3 | DM126.70 | | — | - |
| Bonds 2/1998 | | 3 | DM103.06 | | — | - |
| Bonds 2/1999 | | | DM102.16 | | — | - |
| Danish Mortgage Bonds | | | DKr102.59 | | — | - |
| Danish Long Bonds | | 3 | DKr104.13 | | — | - |
| **GT Global** | | | | | | |
| (44) 171 710 4567 London | | | | | (852) 2842 7208 Hong Kong | |
| GT Europe A | | | $81.33 | 85.61 | +1.14 | 0.00 |
| GT Europe A | | | £50.93 | 53.61 | +0.71 | 0.00 |
| GT Europe B | | | $81.57 | | +1.14 | 0.00 |
| GT Europe B | | | £51.08 | | +0.71 | 0.00 |
| GT Investment A | | | $38.48 | 40.42 | +0.15 | 0.00 |
| GT Investment A | | | £24.05 | 25.31 | +0.09 | 0.00 |
| GT Investment B | | | $38.51 | | +0.15 | 0.00 |
| GT Investment B | | | £24.11 | | +0.09 | 0.00 |
| GT US Small Cos A | | | $40.21 | 42.32 | +0.03 | 0.00 |
| GT US Small Cos A | | | £25.18 | 26.50 | +0.02 | 0.00 |

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| | Init Charge | Notes | Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Morgan Stanley Sicav - Contd.** | | | | | | |
| Real Yield A | | C | $13.83 | | — | - |
| Real Yield I | | | $13.66 | | — | - |
| International Small Cap A | | C | Ecu13.96 | | — | - |
| International Small Cap B | | C | | | (z) | - |
| International SmCap I | | | Ecu14.00 | | — | - |
| US Small Cap Equity A | | C | $19.28 | | — | - |
| US Small Cap Equity I | | | $19.35 | | — | - |
| US Value Equity A | | C | $18.12 | | — | - |
| US Value Equity B | | C | $18.11 | | — | - |
| US Value Equity I | | | $18.17 | | — | - |
| Latin America A | | | $16.97 | | — | - |
| Latin American I | | | $17.03 | | — | - |
| Short Maturity Euro Bd A | | C | Ecu12.97 | | — | - |
| Short Maturity Euro Bd I | | | Ecu13.00 | | — | - |
| Emerging Mkts Debt A | | C | $24.48 | | — | - |
| Emerging Mkts Debt B | | C | $24.47 | | — | - |
| Emerging Mkts Debt I | | | $24.55 | | — | - |
| Gold A | | C | $7.86 | | — | - |
| Gold B | | | $17.80 | | — | - |
| Gold I | | | $7.88 | | — | - |
| US Real Estate Secs A | | C | $15.88 | | — | - |
| US Real Estate Sec B | | | $15.82 | | — | - |
| US Real Estate Secs I | | | $15.73 | | — | - |
| Italian Lira Bond A | | C | L25810.74 | | — | - |

[illegible]

| | Init Charge | Notes | Selling Price | Buying Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **ACM Offshore Funds - Contd.** | | | | | | |
| ACM Global Investments | | | | | | |
| Growth Portfolios | | | | | | |
| Dev Regional Mkts A Aug 6 | | | $18.09 | 19.30 | +0.17 | - |
| Dev Regional Mkts B Aug 6 | | | $17.26 | | +0.15 | - |
| Dev Regional Mkts C2 Aug 6 | | | $17.26 | | +0.15 | - |
| Dev Regional Mkts I | | | $18.09 | 18.65 | +0.17 | - |
| International Privatisation I. | | | $14.56 | 15 | +0.08 | - |
| Income Portfolios | | | | | | |
| American Income A Aug 6 | | | $10.52 | 11.22 | +0.02 | 8.08 |
| American Income B Aug 6 | | | $10.52 | | +0.02 | 7.47 |
| American Income C Aug 6 | | | $10.52 | | +0.02 | 7.47 |
| American Income C2 Aug 6 | | | $13.01 | | +0.03 | - |

[illegible]

| | Selling Price | Buying Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Credis Investment Funds - Contd.** | | | | |
| Credis Bd Fd SFR A | SFr288.14 | | — | - |
| Credis Bd Fd SFR B | SFr387.88 | | — | - |
| Credis Bond Fund US$ A | $1067.31 | | — | - |
| Credis Bond Fund US$ B | $1639.45 | | — | - |
| Credis Bond Fund Yen B. | Y131348 | | — | - |
| Credis Bond Fund £ A | £594.71 | | — | - |
| Credis Bond Fund £ B | £963.43 | | — | - |
| Credis Capital DM 1997 | DM2042.15 | | — | - |
| Credis Capital ECU 2000 | Ecu1758.17 | | — | - |
| Credis Capital FF 2000 | FFr1758.17 | | — | - |
| Credis Capital SFr 2000 | SFr1894.84 | | — | - |
| **Daiwa Japan Small Equity Fd (z)** | | | | |
| Daiwa Japan Small Eq. | $9.88 | | -0.04 | - |
| **Dicam Worldwide Investment Fund** | | | | |
| NAV | $34.82 | | — | - |
| **The Dragon Fund Sicav** | | | | |
| NAV Jul 28 | $95.07 | | — | - |

[illegible]

## LUXEMBOURG (REGULATED)(**)

[illegible]

## OFFSHORE INSURANCES

[illegible]

# FT MANAGED FUNDS SERVICE

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## OTHER OFFSHORE FUNDS



● MANAGED FUNDS NOTES

# LONDON SHARE SERVICE

## ALCOHOLIC BEVERAGES

## BANKS, RETAIL

## BREWERIES, PUBS & REST

## BUILDING & CONSTRUCTION

## BUILDING MATS. & MERCHANTS

## CHEMICALS

## CHEMICALS - Cont.

## DISTRIBUTORS

## DIVERSIFIED INDUSTRIALS

## ELECTRICITY

## ELECTRONIC & ELECTRICAL EQPT

## ENGINEERING

## ENGINEERING - Cont.

## ENGINEERING, VEHICLES

## EXTRACTIVE INDUSTRIES

## EXTRACTIVE INDUSTRIES - Cont.

## FOOD PRODUCERS

## GAS DISTRIBUTION

## HEALTH CARE

## HEALTH CARE - Cont.

## HOUSEHOLD GOODS

## INSURANCE

## INVESTMENT TRUSTS

## INVESTMENT TRUSTS - Cont.

## INV TRUSTS SPLIT CAPITAL



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# LONDON SHARE SERVICE

## OTHER INVESTMENT TRUSTS

[illegible]

## INVESTMENT COMPANIES

[illegible]

## LEISURE & HOTELS

[illegible]

## LIFE ASSURANCE

[illegible]

## MEDIA

[illegible]

## MEDIA - Cont.

[illegible]

## OIL EXPLORATION & PRODUCTION

[illegible]

## OIL, INTEGRATED

[illegible]

## OTHER FINANCIAL

[illegible]

## PAPER, PACKAGING & PRINTING

[illegible]

## PHARMACEUTICALS

[illegible]

## PROPERTY

[illegible]

## PROPERTY - Cont.

[illegible]

## RETAILERS, GENERAL - Cont.

[illegible]

## SUPPORT SERVICES

[illegible]



## PROPERTY - Cont.

[illegible]

## RETAILERS, FOOD

[illegible]

## RETAILERS, GENERAL

[illegible]

## SUPPORT SERVICES - Cont.

[illegible]

## TELECOMMUNICATIONS

[illegible]

## TEXTILES & APPAREL

[illegible]

## TOBACCO

[illegible]

## TRANSPORT

[illegible]

## WATER

[illegible]

## AIM

[illegible]

## AIM - Cont.

[illegible]

## AMERICANS

[illegible]

## CANADIANS

[illegible]

| | | | |
|---|---|---|---|
| Toronto-Dom CS | [illegible] | | |
| Trans Can Pipe CS ♥ | [illegible] | | |
| Western Star Trucks CS | [illegible] | | |

## SOUTH AFRICANS

| | Notes | Price | + or - | 52 week high | low | Mkt CapEm | Yld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| Anglo Am Ind R | | £27¾ | — | *£27¾ | £20¼ | 2,081 | 2.7 | ϕ |
| Barlow | ♣† | £8¾ | +¼ | £8¾ | £5¾ | 1,682 | 1.8 | 16.9 |
| Gold Flds Prop R | † | 195¼ | +8¼ | 195¼ | 122 | 20.0 | 4.5 | 14.9 |
| SA Brews | | £20¾ | +¾ | £20¾ | £13¼ | 5,918 | 1.9 | ϕ |
| Standard Bank | | £29¼ | +¾ | £30 | £21 | 3,984 | 1.8 | ϕ |
| Tiger Oats | † | 1057 | +2 | 1100 | 790 | 1,886 | 1.8 | 20.1 |
| Tongaat-Hulett | | 778¼ | +7¼ | 798¼ | 678¼ | 753.8 | 2.5 | ϕ |

## GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1998
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other offical estimates for 1997-98.
N Dividend is paid in whole or part as a

FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1425 a year for each security shown, subject to the Editor's discretion



The share prices printed on these pages are also available on the internet at http://www.FT.com.

# LONDON STOCK EXCHANGE

# Hint from the Bank sends shares soaring

MARKET REPORT

By Philip Coggan, Markets Editor

A few words from the Bank of England's monetary policy committee sent the stock market racing ahead yesterday, despite another quarter of a percentage point increase in base rates.

"Upward pressures on the exchange rate should be reduced by the perception that interest rates have reached a level consistent with the inflation target," the committee said. The market quickly interpreted that statement as a hint that the Bank, having increased rates to 7 per cent, would not move again for some time.

Despite a knee-jerk fall immediately after the rate increase, announced at noon, the FTSE 100 index quickly rebounded and raced ahead. Helping the rally was a decline in sterling, as the foreign exchange markets also took the view that UK rates had peaked. The pound dropped three pfennigs against the D-Mark to DM2.97, making a drop of 8½pfg in two days, and 1¼ cents against the US dollar.

Other markets were also supportive, with the benchmark 10-year gilt up almost half a point, European bourses ahead and Wall Street once again strong. The Dow Jones Industrial Average was around 20 points higher when London closed.

All this sent shares into overdrive, with Footsie rising 60.6 points, its third consecutive 60-plus point gain, to close at 5,086.8. That, of course, was an all-time closing high and Footsie also set a new intra-day peak of 5,095.3.

"What we're seeing is an upside crash," said Mr Mark Tinker, UK strategist at UBS. "Investors can't afford to be in cash and be out of the market."

Significantly, the strength of the leaders was also reflected in the mid-cap stocks, with the FTSE 250 index gaining 80.9 to 4,598.2. The FTSE All-Share Index gained 29.33 to an all-time closing high of 2,369.07.

However, smaller companies were once again left behind in the rush and the SmallCap index gained just 8.4 to 2,197.2. It is well short of its peak of 2,374.2, set on March 12.

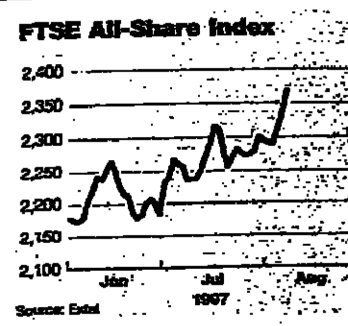
In all the excitement over interest rates, it was possible to forget that a stream of UK companies reported results yesterday. The star of the show was undoubtedly Barclays, which followed the example of HSBC and Lloyds TSB, rather than NatWest, and saw its shares soar on the back of figures and an enhanced share buy-back. The rise in Barclays alone was worth around 11 points on Footsie.

The market's response to the rest of the corporate news was more mixed, with a gain in Royal & Sun Alliance offset by sharp losses at Rank, Reed and Shell. Currency factors weighed on Reed in particular.

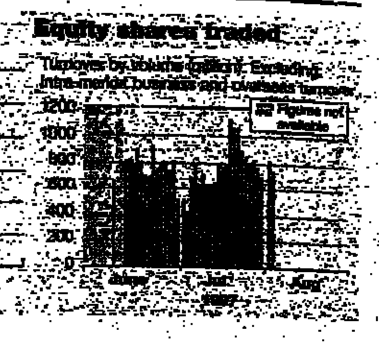
"There is little likely to undermine sterling over the next few months," warned Mr David McBain, UK strategist at NatWest Markets. "Earnings downgrades on the back of sterling strength will continue."

Volume was heavy, with 1.28bn shares traded by the 6pm count, of which 45 per cent was in non-Footsie stocks.

**FTSE All-Share Index**




**Equity shares traded**




**Indices and ratios**

| | | | | | |
|---|---|---|---|---|---|
| FTSE 100 | 5086.8 | +60.6 | FT 30 | 3222.3 | +62.6 |
| FTSE 250 | 4598.2 | +80.9 | FTSE Non-Fins p/e | 19.92 | 19.59 |
| FTSE 350 | 2432.3 | +31.5 | FTSE100 Fut Sep | 5120.0 | +66.0 |
| FTSE All-Share | 2369.07 | +29.33 | 10 yr Gilt yield | 7.05 | 7.12 |
| FTSE All-Share yield | 3.31 | 3.34 | Long gilt/equity yld ratio | 2.15 | 2.13 |

**Best performing sectors**

1 Paper: Pckg & Printing ........ +5.0
2 Building Mtls ........ +4.1
3 Engineering: Vehicles ........ +3.8
4 Diversified Inds ........ +3.6
5 General Inds ........ +3.5

**Worst performing sectors**

1 Leisure & Hotels ........ -2.0
2 Media ........ -0.4
3 Pharmaceuticals ........ -0.2
4 Oil: Integrated ........ -0.1
5 Health Care ........ +0.1

# Rank buy-back awaited

By Joel Kibazo and Peter John

A sharp results-led decline in **Rank Organisation** fuelled speculation that a planned share buy-back could begin as early as today.

The company yesterday said its £250m repurchase, announced in June 1996 and approved in April, is to be increased to a maximum of 10 per cent of its equity. Rank would only say the programme will start soon. But market specialists suggested brokers acting for Rank are likely to take advantage of yesterday's share price fall.

The stock retreat came after the company posted interim figures below market expectations.

Rank blamed a drop in video duplication volumes for a 12 per cent drop in profits to £87m in the first half on a 8.9 per cent decline in sales.

The figures triggered a series of downgrades and sent Rank's shares tumbling. By the close, they had surrendered 30½ or 8.2 per cent to 340p, the worst performers in the Footsie. Volume was a busy 8.7m.

Downgrades included those by the group's two joint brokers. BZW was said to have trimmed its full-year figure by £7m to £318m while NatWest Securities cut its current-year estimate by £5m to £320m.

Merrill Lynch was also among those disappointed with the results. It shaved its estimate by £5m to £307m. Mr Bruce Jones at Merrill said: "The company is making positive noises but the market is yet to be convinced. An improvement in figures is what is wanted."

The shine came off a previously glittering oil sector yesterday. After strong figures from BP in the UK, and Exxon in the US, **Shell Transport** was widely expected to follow suit.

But the oil giant came out with second-quarter figures that were below the bottom of the range of analysts' forecasts.

And frantic two-way trading – reflected by turnover of 50m shares – failed to prevent the shares closing a net 14½ off at 458½p.

According to the company's critics, the figures were poor and backed by a stream of feeble excuses.

One said: "Exxon grew replacement cost income by 25 per cent and BP grew it by 22 per cent but Shell only increased it by 3 per cent."

On the other hand, supporters of the company cited the recent strong performance of the shares – Shell has been one of the few blue-chip motors driving the UK market higher over the past few months. Even after yesterday's fall the shares were still up more than 34 per cent since April.

Further, an interview with a Shell executive in Fortune magazine of the US suggested that the current restructuring would enable Shell to double earnings growth within four years.

Also, Shell pointed out at yesterday's analysts' meeting that the Dutch authorities were looking at ways of making it more attractive to carry out share buy-backs.

Mr Steve Turner of HSBC James Capel said: "Shell's willingness to consider a share buy-back is clear evidence of a change in culture, which bodes well for the future."

Prospects of cash pouring back into shareholder accounts sent **Barclays** shares up 10 per cent at one point yesterday. The high street bank announced it had sufficient funds to buy back up to £700m of stock, compared with previous indications of £500m.

The stronger capital position overshadowed news that first-half operating profits of £1.33bn were little changed from a year ago.

However, the dividend rose 17 per cent and earnings per share improved 7 per cent. Also, worries about losses at BZW, Barclays' investment banking arm, proved unfounded.

On balance, the market gave a resounding cheer to the figures and comments, sending the shares racing forward 120 to £14.47½, easily the strongest performance in the Footsie on unusually heavy volume of 13m shares.

The rush of buying took the stock to a new closing peak. And, at yesterday's closing level, the stock had risen more than 40 per cent since April.

However, Mr John Aitken of UBS maintained his bearish stance on the basis that underlying growth still posed problems. "We accept entirely that the market likes the idea of buy-backs but the fundamental performance does not justify the share price reaction," he said.

**Royal & Sun Alliance** moved up sharply following an 11 per cent rise in half-year operating profit and comments that cost savings were on track.

Analysts re-jigged their full-year profit forecasts with Charterhouse Tilney, the Liverpool and London broker, now predicting that the insurer will make £970m in profits. The rest of the pack raised estimates from £847m to around £930m. NatWest Securities is at the tail end with a full-year estimate of £910m.

Reversal of sterling's recent strength, and a strong performance by European markets, gave a double boost to Royal's European assets. Mr Nick Bunker of HSBC James Capel said: "There were strong hints from the company that the current round of share buy-backs will not be the last. The bears were left scurrying for their dens." The shares rose 23 to 545½p.

**British Telcommunications** was the most actively traded stock in the Footsie as volume soared to 82m.

The shares edged forward to 416p, a clear indication of the two-way pull that currently exists in the stock. The bulls believe BT's planned merger with US group MCI will go ahead successfully in spite of last month's warning from MCI of losses from its local telephone business.

However, the bears have also been active in the market with some institutional shareholders selling the stock on worries that BT may be overpaying for a struggling company.

Additional business has come from institutions buying the shares for the 35p special dividend being paid out by the company (alongside the £11.95 final dividend) to sweeten the MCI deal.

In the rest of the sector, **Cable & Wireless** added 11 to 608p, while mobile phones company **Vodafone** was a busy trade. Volume rose to 10m as the shares hardened 4½ to 317p.

Several engineering stocks were powered by a weighty 60-page note on the sector.

The broker's core buys include **British Aerospace**, up 48 to £14.40½, **GKN**, where the shares added 31½ to £11.87½ after favourable figures earlier in the week and **Siebe**, 8½ up at £11.26.

## FT 30 INDEX

| | Aug 7 | Aug 6 | Aug 5 | Aug 4 | Aug 1 | Yr ago | *High | *Low |
|---|---|---|---|---|---|---|---|---|
| FT 30 | 3222.3 | 3159.7 | 3117.0 | 3081.5 | 3092.2 | 2796.3 | 3222.3 | 2668.8 |
| Ord. div. yield | 3.39 | 3.45 | 3.50 | 3.54 | 3.53 | 4.08 | 4.22 | 3.39 |
| P/E ratio net | 19.07 | 18.76 | 18.47 | 18.25 | 18.30 | 16.44 | 19.07 | 15.80 |
| P/E ratio nil | 18.88 | 18.57 | 18.28 | 18.06 | 18.12 | 16.28 | 18.88 | 15.71 |

FT 30 since compilation: high 3128.1 18/07/97: low 49.4 26/06/40. Base Date: 1/7/35.

**FT 30 hourly changes**

| Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.00 | High | Low |
|---|---|---|---|---|---|---|---|---|---|---|
| 3169.9 | 3173.5 | 3167.8 | 3167.2 | 3170.2 | 3180.6 | 3202.1 | 3210.3 | 3219.5 | 3222.4 | 3162.5 |

| | Aug 7 | Aug 6 | Aug 5 | Aug 4 | Aug 1 | Yr ago |
|---|---|---|---|---|---|---|
| SEAQ bargains | 58,973 | 49,077 | 47,544 | 46,965 | 48,956 | 30,144 |
| Equity turnover (£m)† | – | NA | NA | 2492.0 | 2854.5 | 1486.2 |
| Equity bargains† | – | NA | NA | 47,799 | 43,311 | 35,120 |
| Shares traded (ml)† | – | NA | NA | 751.2 | 833.5 | 523.6 |

†Excluding intra-market and overseas turnover but including Crest turnover.



**■ London market data**

| Rises and falls* | | 52 Week highs and lows | | LIFFE Equity options | |
|---|---|---|---|---|---|
| Total Rises | 1,134 | Total Highs | 294 | Total contracts | 57,828 |
| Total Falls | 377 | Total Lows | 58 | Calls | 33,183 |
| Same | 1,570 | | | Puts | 24,645 |

7 Aug *Data based on Equity shares listed on the London Share Service.

## FUTURES AND OPTIONS

**■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)**

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 5054.0 | 5125.0 | +76.0 | 5138.0 | 5011.0 | 18730 | 75014 |
| Dec | 5125.0 | 5191.0 | +77.0 | 5160.0 | 5095.0 | 345 | 5771 |
| Mar | - | 5235.0 | +78.0 | - | - | 0 | 221 |

**■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point**

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 4660.0 | 4630.0 | +93.0 | 4660.0 | 4567.0 | 1118 | 7115 |

**■ FTSE 100 INDEX OPTION (LIFFE) (*5089) £10 per full index point**

| | 4900 C | P | 4950 C | P | 5000 C | P | 5050 C | P | 5100 C | P | 5150 C | P | 5200 C | P | 5250 C | P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Aug | [illegible] | | | | | | | | | | | | | | | |
| Sep | [illegible] | | | | | | | | | | | | | | | |
| Oct | [illegible] | | | | | | | | | | | | | | | |
| Nov | [illegible] | | | | | | | | | | | | | | | |
| Dec† | [illegible] | | | | | | | | | | | | | | | |

Calls 8,304 Puts 4,269

**■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point**

| | 4925 C | P | 4975 C | P | 5025 C | P | 5075 C | P | 5125 C | P | 5175 C | P | 5225 C | P | 5275 C | P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Aug | 188 | 6½ | 143 | 11½ | [illegible] | | | | | | | | | | | |
| Sep | 247 | 48½ | 209½ | 61 | [illegible] | | | | | | | | | | | |
| Oct | 287 | 70 | 251½ | 84 | [illegible] | | | | | | | | | | | |
| Dec | 368 | 109 | | | [illegible] | | | | | | | | | | | |
| Mar† | 444 | 146 | | | [illegible] | | | | | | | | | | | |

Calls 8,214 Puts 1,457 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

## LONDON RECENT ISSUES: EQUITIES

| Issue price p | Amt paid up | Mkt. cap (£m.) | 1997 High | Low | Stock | Close price p | +/- | Net div. | Div. cov. | Grs yld | P/E net |
|---|---|---|---|---|---|---|---|---|---|---|---|
| § | F.P. | 4,746 | 228 | 220½ | Billiton | 228 | +2½ | R010c | 1.6 | 2.8 | 22.6 |
| *– | F.P. | 7.34 | 74½ | 72½ | †Blakes Clothing | 73½ | | L1.45 | 5.1 | 2.5 | 8.0 |
| – | F.P. | 135.3 | 108¾ | 101 | Bristol & W Prf | 108¼ | +¼ | – | – | – | – |
| §100 | F.P. | 25.2 | 122½ | 109½ | Cammell Laird | 118½ | +1 | L3.8 | 2.1 | 4.0 | 11.4 |
| §280 | F.P. | 15.8 | 275 | 265 | Delcam | 267½ | | L2.5 | 4.4 | 1.2 | 24.2 |
| | F.P. | – | 116 | 114 | EMI B | 115 | | Z2.75 | – | 3.1 | – |
| §3 | F.P. | 4.61 | 3¾ | 3½ | †Fairplace Cnstg | 3¾ | | – | – | – | – |
| §– | F.P. | 8.56 | 65 | 65 | †GR Holdings | 65 | | – | – | – | 51.5 |
| §150 | F.P. | 234.0 | 302 | 162½ | Galen Hldgs | 193 | -2 | L0.9 | 5.7 | 0.6 | 31.1 |
| § | F.P. | 25.0 | 162½ | 117½ | Gremlin Group | 133½ | +6 | R3.5 | 3.2 | 3.3 | 10.4 |
| §125 | F.P. | 6.02 | 135 | 102½ | †Halcon Publsg | 102½ | | – | – | – | – |
| §135 | F.P. | 63.0 | 149½ | 142½ | Hitachi Cred UK | 148½ | | L4.3 | 1.4 | 3.6 | 24.5 |
| § | F.P. | 573.5 | 395½ | 381½ | Ionica | 382½ | -1 | – | – | – | – |
| §160 | F.P. | 17.0 | 175½ | 172½ | †Kingfisher Lels | 175½ | | LW2.0 | 6.0 | 1.4 | 14.6 |
| §173 | F.P. | 46.3 | 217½ | 165½ | Metroline | 215½ | | R5.8 | 2.8 | 3.4 | 12.9 |
| 100 | F.P. | 32.7 | 112½ | 99½ | Reabourne Merlin | 108½ | | – | – | – | – |
| §100 | F.P. | 7.56 | 120½ | 105½ | †SBS Group | 106½ | +1 | L2.4 | 2.0 | 2.8 | 18.7 |
| § | F.P. | 57.6 | 140½ | 136½ | Ted Baker | 139½ | | L3.49 | 0.1 | 3.1 | – |
| | F.P. | – | 22¾ | 19½ | Thorn B | 20½ | | – | – | – | – |
| – | F.P. | 74.4 | 67½ | 60½ | Vigien Tech | 61 | -½ | – | – | – | – |

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

## FTSE GOLD MINES INDEX

| | Aug 6 | % chg on day | Aug 5 | Year ago | Gross div yield % | P/E ratio | 52 week High | Low |
|---|---|---|---|---|---|---|---|---|
| Gold Mines Index (31) | 1367.82 | +0.9 | 1374.44 | 2089.55 | 2.28 | – | 2889.93 | 1270.14 |
| ■ Regional Indices | | | | | | | | |
| Africa (14) | 1367.80 | -0.3 | 1371.57 | 2732.07 | [illegible] | [illegible] | [illegible] | [illegible] |
| Australasia (6) | 1499.42 | -1.4 | 1520.36 | 2378.21 | [illegible] | [illegible] | [illegible] | [illegible] |
| North America (11) | 1392.94 | +1.7 | 1369.91 | 1840.86 | [illegible] | [illegible] | [illegible] | [illegible] |

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

## FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

| | Aug 7 | Day's chge% | Aug 6 | Aug 5 | Aug 4 | Year ago | Div. yield% | Net cover | P/E ratio | Xd adj. ytd | Total Return |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FTSE 100 | 5086.8 | +1.2 | 5026.2 | 4960.6 | 4895.7 | 3811.4 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FTSE 250 | 4598.2 | +1.8 | 4517.3 | 4498.6 | 4485.0 | 4318.6 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FTSE 250 ex IT | 4588.4 | +1.8 | 4505.2 | 4489.4 | 4475.5 | 4350.6 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FTSE 350 | 2432.3 | +1.3 | 2400.8 | 2373.4 | 2346.8 | 1907.0 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FTSE 350 ex IT | 2433.7 | +1.3 | 2402.2 | 2374.6 | 2347.4 | – | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FTSE 350 Higher Yield | 2310.0 | +1.0 | 2286.2 | 2267.6 | 2246.5 | 1842.6 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FTSE 350 Lower Yield | 2553.7 | +1.5 | 2515.2 | 2479.9 | 2448.2 | 1978.8 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FTSE SmallCap | 2197.15 | +0.4 | 2188.77 | 2189.06 | 2188.64 | 2118.63 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FTSE SmallCap ex IT | 2147.41 | +0.2 | 2142.32 | 2145.65 | 2145.22 | 2109.84 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FTSE All-Share | 2369.07 | +1.3 | 2339.74 | 2314.74 | 2290.40 | 1884.43 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| FTSE All-Share ex IT | 2370.41 | +1.3 | 2340.98 | 2315.71 | 2290.64 | – | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

**■ FTSE Actuaries Industry Sectors**

| | Aug 7 | Day's chge% | Aug 6 | Aug 5 | Aug 4 | Year ago | Div. yield% | Net cover | P/E ratio | Xd adj. ytd | Total Return |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 MINERAL EXTRACTION(20) | 5074.38 | +0.1 | 5067.10 | 4918.65 | 4761.90 | 3539.79 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 12 Extractive Industries(5) | 4315.93 | +1.8 | 4238.00 | 4148.83 | 4107.36 | 4103.82 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 15 Oil, Integrated(3) | 5407.01 | -0.1 | 5414.10 | 5239.72 | 5042.60 | 3833.55 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 16 Oil Exploration & Prod(12) | 3889.67 | +0.8 | 3858.22 | 3816.14 | 3804.93 | 2519.32 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 20 GEN INDUSTRIALS(253) | 2026.90 | +3.5 | 1958.12 | 1928.00 | 1910.61 | 2006.18 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 21 Building & Construction(35) | 1344.29 | +3.0 | 1305.17 | 1307.83 | 1309.43 | 1137.48 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 22 Building Matls & Merchs(30) | 1887.87 | +4.1 | 1813.38 | 1790.41 | 1783.52 | 1852.58 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 23 Chemicals(26) | 2745.79 | +3.4 | 2656.19 | 2606.70 | 2584.77 | 2412.07 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | | | | | | | | | | |

**■ Hourly movements**

| | Open | 9.00 | 10.00 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | 16.10 | High/day | Low/day |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FTSE 100 | [illegible] | | | | | | | | | | |
| FTSE 250 | [illegible] | | | | | | | | | | |
| FTSE 350 | [illegible] | | | | | | | | | | |
| FTSE SmallCap | [illegible] | | | | | | | | | | |
| FTSE All-Share | [illegible] | | | | | | | | | | |

Further information is available on http://www.ftse.com.

† Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

FTSE INTERNATIONAL

## TRADING VOLUME

**■ Major Stocks Yesterday**

| | Vol. 000s | Closing price | Day's change |
|---|---|---|---|
| [illegible] | | | |

[redacted]

هكذا من الأصل



Highs & Lows shown on a 52 week basis

# WORLD STOCK MARKETS

EUROPE

PACIFIC

NORTH AMERICA

AFRICA



## INDICES

| | Aug 7 | Aug 6 | Aug 5 | 1997 High | | 1997 Low | |
|---|---|---|---|---|---|---|---|
| **Argentina** | | | | | | | |
| General(29/12/77) | (u) | 24917.86 | 24248.54 | 24917.86 | 6/8 | 18237.37 | 2/1 |
| **Australia** | | | | | | | |
| All Ordinaries(1/1/80) | 2717.7 | 2727.1 | 2707.5 | 2745.98 | 2/7 | 2362.20 | 1/4 |
| All Mining(1/1/80) | 846.1 | 855.2 | 854.3 | 987.10 | 24/2 | 831.10 | 8/7 |
| **Austria** | | | | | | | |
| Credit Aktien(30/12/64) | 465.71 | 461.48 | 460.73 | 466.82 | 1/8 | 374.40 | 9/1 |
| Traded Index(2/1/91) | 1465.00 | 1448.50 | 1436.48 | 1480.48 | 31/7 | 1139.22 | 9/1 |
| **Belgium** | | | | | | | |
| BEL20(1/1/91) | 2479.77 | 2466.17 | 2435.72 | 2821.90 | 28/7 | 1871.05 | 2/1 |
| **Brazil** | | | | | | | |
| Bovespa(29/12/83) | (u) | 12523.0 | 11908.0 | 13617.80 | 8/7 | 6985.80 | 2/1 |
| **Canada** | | | | | | | |
| Metals Mnls♦(1975) | (u) | 5462.24 | 5480.71 | 5991.75 | 10/3 | 4945.98 | 11/4 |
| Composite♦(1975) | (u) | 6933.70 | 6903.10 | 6933.70 | 6/8 | 5678.30 | 14/4 |
| Portfolio§§(4/1/83) | (u) | 3500.81 | 3473.01 | 3500.81 | 6/8 | 2848.02 | 11/4 |
| **Chile** | | | | | | | |
| IGPA Gen¥(31/12/80) | (u) | 5713.98 | 5681.70 | 5988.71 | 4/7 | 4912.42 | 2/1 |
| **Denmark** | | | | | | | |
| CopenhagenSE(3/1/83) | 638.05 | 634.76 | 636.99 | 658.28 | 17/7 | 470.14 | 2/1 |
| **Finland** | | | | | | | |
| HEX General(28/12/90) | 3685.86 | 3644.75 | 3604.70 | 3685.86 | 7/8 | 2483.28 | 2/1 |
| **France** | | | | | | | |
| SBF 250(31/12/90) | 1990.35 | 1980.24 | 1956.60 | 2003.43 | 31/7 | 1533.19 | 2/1 |
| CAC 40(31/12/87) | 3056.34 | 3037.09 | 2984.10 | 3076.67 | 31/7 | 2256.97 | 2/1 |
| **Germany** | | | | | | | |
| FAZ Aktien(31/12/58) | 1470.45 | 1440.33 | 1446.97 | 1481.44 | 31/7 | 986.21 | 2/1 |
| Commerzbank(1/12/53) | 4307.4 | 4213.4 | 4234.2 | 4338.70 | 31/7 | 2876.90 | 2/1 |
| DAX‡(30/12/87) | 4414.35 | 4335.39 | 4302.68 | 4438.93 | 31/7 | 2848.77 | 2/1 |
| **Greece** | | | | | | | |
| Athens SE(31/12/80) | 1628.88 | 1611.45 | 1584.91 | 1727.78 | 23/5 | 954.64 | 2/1 |
| **Hong Kong** | | | | | | | |
| Hang Seng(31/7/64) | 16673.27 | 16541.60 | 16371.52 | 16673.27 | 7/8 | 12055.17 | 3/4 |
| **India** | | | | | | | |
| BSE Sens.(1979) | 4447.06 | 4523.01 | 4548.02 | 4548.02 | 5/8 | 3226.24 | 2/1 |
| **Indonesia** | | | | | | | |
| Jakarta Comp.(10/8/82) | 677.93 | 699.85 | 713.88 | 740.83 | 8/7 | 631.27 | 15/4 |
| **Ireland** | | | | | | | |
| ISEQ Overall(4/1/88) | 3711.34 | 3694.23† | 3672.24 | 3711.34 | 7/8 | 2725.87 | 2/1 |
| **Italy** | | | | | | | |
| Banca Comm Ital(1972) | 937.04 | 904.98 | 900.31 | 959.18 | 23/7 | 642.55 | 2/1 |
| MIB General(2/1/97) | 1406.0 | 1360.0 | 1353.8 | 1442.00 | 23/7 | 981.00 | 2/1 |
| **Japan** | | | | | | | |
| Nikkei 225(16/5/49) | 19475.65 | 19702.07 | 19514.45 | 20681.07 | 16/6 | 17303.65 | 10/1 |
| Nikkei 300(1/10/82) | 293.03 | 294.83 | 290.06 | 303.71 | 28/7 | 251.84 | 27/1 |
| Topix(4/1/68) | 1497.10 | 1507.63 | 1497.13 | 1560.28 | 26/6 | 1320.82 | 10/4 |
| 2nd Section(4/1/68) | 1699.73 | 1708.29 | 1714.93 | 1849.25 | 30/6 | 1516.58 | 15/4 |
| **Malaysia** | | | | | | | |
| KLSE Comp.(4/4/86) | 928.33 | 951.74 | 945.08 | 1271.57 | 25/2 | 928.33 | 7/8 |
| **Mexico** | | | | | | | |
| IPC(Nov 1978) | (u) | 5212.89 | 5183.02 | 5212.89 | 6/8 | 3369.46 | 2/1 |
| **Netherland** | | | | | | | |
| CBS TtlRtnGenEnd 83) | 1184.6 | 1172.1 | 1157.3 | 1184.60 | 7/8 | 730.80 | 2/1 |
| CBS All ShrEnd 83) | 684.4 | 677.2 | 668.6 | 684.40 | 7/8 | 429.00 | 2/1 |
| **New Zealand** | | | | | | | |
| Cap. 40(1/7/86) | 2539.74 | 2532.71 | 2543.91 | 2576.52 | 30/7 | 2207.48 | 1/4 |
| **Norway** | | | | | | | |
| Oslo SE(Ind)(2/1/83) | 2217.38 | 2178.17 | 2149.42 | 2217.38 | 7/8 | 1630.03 | 2/1 |
| **Philippines** | | | | | | | |
| Manila Comp(2/1/85) | 2670.01 | 2694.79 | 2676.20 | 3447.80 | 3/2 | 2499.38 | 20/5 |
| **Portugal** | | | | | | | |
| BVL 30(4/1/93) | 3603.95 | 3536.45 | 3505.03 | 3603.95 | 7/8 | 2186.57 | 2/1 |
| **Singapore** | | | | | | | |
| SES All-S'pore(2/4/75) | 494.83 | 490.54 | 489.25 | 573.83 | 17/2 | 479.94 | 29/4 |
| **South Africa** | | | | | | | |
| JSE Gold(28/9/78) | 967.1¥ | 957.0 | 954.0 | 1698.10 | 27/2 | 903.90 | 7/7 |
| JSE Ind.(28/9/78) | 9314.2¥ | 9247.1 | 9183.0 | 9314.20 | 7/8 | 7868.50 | 2/1 |
| **South Korea** | | | | | | | |
| KoreaCompEx**(4/1/80) | 745.35 | 745.65 | 740.86 | 792.29 | 17/6 | 611.08 | 7/1 |
| **Spain** | | | | | | | |
| Madrid SE(30/12/85) | 602.40 | 599.88 | 586.56 | 628.15 | 7/7 | 434.54 | 2/1 |
| **Sweden** | | | | | | | |
| AffarsvarldsGen(1/2/37) | 3315.8 | 3263.9 | 3199.6 | 3315.80 | 7/8 | 2378.50 | 2/1 |
| **Switzerland** | | | | | | | |
| SMI Index(1/7/88) | 5922.1 | 5812.1 | 5765.2 | 6012.60 | 8/7 | 3822.90 | 7/1 |
| SPI General(1/6/87) | 3768.37 | 3706.79 | 3681.21 | 3768.79 | 8/7 | 2508.22 | 6/1 |
| **Taiwan** | | | | | | | |
| WeightedPr.**(30/6/66) | 9840.88 | 9861.47 | 9919.68 | 10066.35 | 31/7 | 6844.75 | 6/1 |
| **Thailand** | | | | | | | |
| Bangkok SET(30/4/75) | 638.04 | 635.32 | 648.47 | 858.97 | 22/1 | 464.77 | 19/6 |
| **Turkey** | | | | | | | |
| IMKB Nat. 100(1986) | 2050.0 | 2034.0 | 2003.0 | 2050.00 | 7/8 | 995.00 | 2/1 |
| **WORLD** | | | | | | | |
| MS Capital Intl(1/1/70) | 977.9* | 974.9 | 965.8 | 981.80 | 31/7 | 784.50 | 14/4 |
| **CROSS-BORDER** | | | | | | | |
| Eurotrack 100(26/10/90) | 2794.80 | 2749.80 | 2743.94 | 2794.80 | 7/8 | 1888.80 | 2/1 |
| FTSE E 100(26/6/90) | 2355.95 | 2336.78 | 2308.87 | 2355.95 | 7/8 | 1582.90 | 2/1 |
| HSBC JC Drgn(31/12/88) | (u) | 434.83 | 430.83 | 434.83 | 6/8 | 381.63 | 29/4 |
| ING Bargs Emrg(7/1/92) | 191.91 | 189.61 | 189.66 | 198.01 | 8/7 | 160.74 | 3/1 |

## INDEX FUTURES

| | Open | Sett Price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| **CAC-40 (MATIF/MONEP) (200 x index)** | | | | | | | |
| Aug | 3073.0 | 3069.0 | +24.0 | 3089.0 | 3054.0 | 11,638 | 28,795 |
| Sep | 3080.0 | 3077.5 | +24.0 | 3097.0 | 3084.5 | 454 | 23,846 |
| **DAX** | | | | | | | |
| Sep | 4385.0 | 4445.0 | +57.0 | 4482.5 | 4384.0 | 20,127 | 95,977 |
| Dec | 4424.0 | 4479.0 | +42.0 | 4505.5 | 4424.0 | 375 | 3,311 |
| **OMX** | | | | | | | |
| Aug | 2668.00 | 2694.50 | +34.50 | 2707.00 | 2668.00 | 3,836 | 21,895 |
| Sep | 2691.00 | 2711.00 | +63.00 | 2711.00 | 2690.00 | 183 | 909 |
| **SOFFEX** | | | | | | | |
| Aug | 5865.0 | 5925.0 | +110.0 | 5925.0 | 5857.0 | 5,360 | 22,756 |
| Sep | 5875.0 | 5933.5 | +120.0 | 5931.0 | 5875.0 | 626 | 1,177 |

** Sat Aug 2 : Taiwan Weighted Price 10046.80; Korea Comp Ex 730.43. Base values of all indices are 100 except Australia All Ord and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, SPI, Euro Top-100, ISEQ Overall; Toronto Comp./Met & Mins, DAX - all 1,000; SMI - 1500; JSE Gold - 255.7; JSE 20 Ind - 264.3; IMKB Nat 100 - 1; NYSE All Common - 50; Stand & Poor's - 10 and Amex Comp - 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Aug 7 - 4428.08 +63.83 † Correction. * Calculated at 15.00 GMT. ● Excluding bonds ... ♦ The DJ Indl. Index theoretical day's highs and lows are ... stock whereas the actual day's highs and lows represent ... figures in brackets are previous day's). ¥ Subject to official ...

## US INDICES

| Dow Jones | Aug 6 | Aug 5 | Aug 4 | 1997 High | 1997 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Industrials | 8259.31 | 8187.54 | 8198.45 | 8259.31 (6/8) | 6391.69 (11/4) | 8259.31 (6/8/97) | 41.22 (8/7/32) |
| Home Bonds | 104.49 | 104.32 | 104.13 | 104.76 (31/7) | 101.09 (14/4) | 104.70 (31/7/97) | 54.99 (1/10/81) |
| Transport | 3009.25 | 2991.11 | 2976.49 | 3009.25 (6/8) | 2222.07 (2/1) | 3009.25 (6/8/97) | 13.23 (8/7/32) |
| Utilities | 234.04 | 233.21 | 232.90 | 240.85 (22/1) | 209.47 (25/4) | 256.46 (31/8/93) | 16.53 (8/7/32) |

DJ Ind. Day's high 8302.06 (8251.88 ) Low 8130.63 (8129.93 ) (Theoretical♦)
Day's high 8274.87 (8209.14 ) Low 8155.95 (8162.45 ) (Actual♦)

| Standard and Poors | Aug 6 | Aug 5 | Aug 4 | 1997 High | 1997 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Composite‡ | 960.32 | 952.37 | 950.30 | 960.32 (6/8) | 737.01 (2/1) | 960.32 (6/8/97) | 4.40 (1/6/32) |
| Industrials¥ | 1130.76 | 1122.09 | 1117.64 | 1130.76 (6/8) | 865.42 (11/4) | 1130.76 (6/8/97) | 3.52 (30/6/32) |
| Financial | 110.46 | 109.13 | 109.85 | 111.88 (31/7) | 80.75 (2/1) | 111.88 (31/7/97) | 7.13 (4/9/74) |
| NYSE Comp. | 497.00 | 492.96 | 491.93 | 497.00 (6/8) | 389.47 (11/4) | 497.00 (6/8/97) | 4.64 (25/4/42) |
| Amex Comp. | 654.06 | 650.65 | 646.59 | 654.06 (6/8) | 541.20 (28/4) | 654.06 (6/8/97) | 524.20 (16/7/86) |
| NASDAQ Cmp | 1630.44 | 1621.53 | 1605.44 | 1630.44 (6/8) | 1201.00 (2/4) | 1630.44 (6/8/97) | 54.87 (3/10/74) |

### ■ RATIOS

| | Aug 1 | Jul 25 | Jul 18 | Year ago |
|---|---|---|---|---|
| Dow Jones Ind. Div. Yield | 1.58 | 1.60 | 1.64 | 2.20 |
| | **Aug 6** | **Jul 30** | **Jul 23** | **Year ago** |
| S & P Ind. Div. yield | 1.47 | 1.48 | 1.50 | 2.03 |
| S & P Ind. P/E ratio | 26.35 | 26.05 | 25.77 | 21.18 |

### ■ NEW YORK ACTIVE STOCKS

| Wednesday | Stocks traded | Close price | Change on day |
|---|---|---|---|
| US West Md | 11,086,300 | 22¼ | -1⅛ |
| Mirage Res | 8,100,700 | 27⅛ | -1⅞ |
| Micron Tc | 6,805,200 | 57⅞ | +1 |
| AT & T | 6,263,700 | 39⅛ | +1 |
| Ph Morris | 4,845,900 | 45⅞ | +1¼ |
| Seagate Tc | 4,502,200 | 45 | ⅛ |
| Iomega | 4,458,400 | 24¼ | +1½ |
| Pepsico | 4,378,500 | 39⅛ | +⅛ |
| GEC | 4,301,900 | 69⅛ | +1⅛ |
| Western Dg | 4,096,400 | 45⅛ | +⅛ |

### ■ TRADING ACTIVITY

● Volume (million)

| | Aug 6 | Aug 5 | Aug 4 |
|---|---|---|---|
| New York SE | 565.170 | 525.682 | 455.995 |
| Amex | 24.079 | 24.003 | 21.183 |
| NASDAQ | 791.775 | 743.755 | 602.893 |
| **NYSE** | | | |
| Issues Traded | 3,404 | 3,410 | 3,395 |
| Rises | 1,846 | 1,608 | 1,490 |
| Falls | 980 | 1,240 | 1,369 |
| Unchanged | 578 | 564 | 536 |
| New Highs | 387 | 302 | 218 |
| New Lows | 11 | 22 | 17 |

| ■ S&P 500 | Open | Latest | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 963.60 | 967.40 | +3.90 | 967.80 | 953.50 | 56,749 | 179,523 |
| Dec | - | 974.00 | - | - | - | 297 | 6,113 |

| ■ Nikkei 225 | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Sep | 19720.0 | 19370.0 | -360.0 | 19760.0 | 19370.0 | 23,638 | 177,039 |
| Dec | 19640.0 | 19440.0 | -140.0 | 19720.0 | 19440.0 | 2,039 | 3,870 |

Open interest figures for previous day.

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. * Calendar year high and low. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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### ■ TOKYO - MOST ACTIVE STOCKS: Thursday, August 7, 1997

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| LTCB | 10.0m | 570 | +36 |
| Fujita Corp | 7.5m | 95 | -21 |
| NKK Corp | 5.8m | 197 | -10 |
| Aoki Corp | 5.2m | 60 | -7 |
| Ind Bk of Japan | 5.1m | 1680 | +20 |
| Sakura Bank | 4.9m | 735 | +17 |
| Nippon Steel Cp | 4.7m | 311 | -4 |
| Daiwa Bank | 4.5m | 580 | +7 |
| Nomura Secs | 4.4m | 1700 | +20 |
| Fuji Bank | 4.3m | 1520 | +10 |

4 pm close August 7

# NEW YORK STOCK EXCHANGE PRICES

- A -

| 1997 High | Low | Stock | Div | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Chg'e Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 38 7/16 | 24 3/4 | AAR x | 0.48 | 1.4 | 27 | 2174 | 35 1/2 | 35 | 35 3/16 | -3/8 |
| 53 3/4 | 33 1/8 | AMP x | 1.04 | 2.0 | 43 | 5071 | 52 13/16 | 52 7/16 | 52 9/16 | -3/4 |
| 109 13/16 | 78 1/4 | AMR | | | 8 | 4501 | u110 3/16 | 109 1/16 | 109 5/8 | -7/16 |
| 37 5/8 | 29 1/2 | ASA | 1.20 | 3.9 | 20 | 352 | 31 | 30 1/2 | 30 13/16 | +1/16 |
| 68 13/16 | 49 3/4 | AbbtL x | 1.08 | 1.7 | 25 | 12880 | 64 1/2 | 63 1/2 | 64 | +13/16 |
| 20 1/2 | 14 1/8 | AbitIbl | 0.40 | 2.1 | 10 | 245 | 19 3/4 | 19 7/16 | 19 1/8 | -7/16 |
| 24 1/4 | 17 3/8 | ABM Ind | 0.40 | 1.6 | 22 | 287 | u25 | 24 9/16 | 25 | +1/4 |
| 24 1/8 | 17 3/4 | Acptncsin | | | 11 | 779 | 23 1/8 | 22 3/4 | 23 | |
| 86 7/16 | 56 1/8 | ACE Ltd | 0.88 | 1.0 | 11 | 1925 | u87 1/4 | 85 1/4 | 85 1/2 | +1 1/8 |
| 10 3/4 | 10 | ACM Gvt In x | 0.90 | 8.6 | 11 | 268 | 10 1/2 | 10 7/16 | 10 7/16 | |
| 8 | 7 | ACM GrOpp x | 0.83 | 8.1 | | 183 | 7 7/8 | 7 3/4 | 7 13/16 | |
| 10 7/16 | 9 1/4 | ACM Man x | 0.90 | 9.1 | | 414 | 10 1/16 | 9 13/16 | 9 15/16 | -1/8 |
| 10 3/8 | 6 1/8 | Acme Elect | | | | 45 | 6 3/8 | 6 1/4 | 6 3/8 | |
| 20 | 13 | Acme Mills | | | | 183 | 15 1/4 | 15 | 15 1/8 | -1/8 |
| 22 13/16 | 14 | ACNielsen | | | 39 | 1137 | 22 | 21 9/16 | 21 13/16 | +1/16 |
| 29 3/4 | 19 1/8 | Acuson | | | | 2744 | 26 7/8 | 26 1/8 | 26 1/8 | +1/8 |
| 24 3/8 | 19 3/8 | Adams Expr | 0.55 | 2.3 | 1 | 208 | d24 3/8 | 24 3/16 | 24 3/16 | +1/16 |
| 48 1/2 | 24 7/8 | AdvMic | | | | 11987 | 38 3/4 | 36 7/8 | 36 13/16 | -1 1/8 |
| 27 1/2 | 10 3/8 | Advest Grp | 0.12 | 0.5 | 16 | 541 | 22 3/4 | 21 11/16 | 21 7/8 | -13/16 |

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -



Continued on next page

# NYSE PRICES

4 pm close August 7

Continued from previous page

| 1997 High | Low | Stock | Div. | Yld % | P/E | Sls 100s | High | Low | Close Price | Chng Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 49 | 40½ | Xtra Corp | 0.80 | 1.7 | 18 | 358 | 47½ | 47⅛ | 47½ | |
| 25 | 20¾ | Yankee Egy | 1.34 | 5.6 | 14 | 253 | 24⅛ | 23⅞ | 24⅛ | +⅛ |
| 56 | 37⅞ | York Int | 0.48 | 1.0 | 15 | 536 | 48⅝ | 47$\frac{7}{16}$ | 47⅞ | -⅝ |
| 6$\frac{9}{16}$ | 4 | Zapata | 0.28 | 4.7 | | 776 | 6⅛ | 5$\frac{15}{16}$ | 6 | -$\frac{1}{16}$ |
| 13⅛ | 9⅛ | ZenithEl | | | | 5447 | 11⅞ | 10$\frac{15}{16}$ | 11⅝ | +$\frac{11}{16}$ |
| 28⅞ | 24⅝ | Zenith Nat x | 1.00 | 3.7 | 15 | 89 | 27$\frac{7}{16}$ | 26$\frac{13}{16}$ | 27$\frac{7}{16}$ | +$\frac{9}{16}$ |
| 8 | 7⅛ | Zenix Inc | 0.73 | 9.3 | | 67 | 7$\frac{13}{16}$ | 7⅞ | 7⅞ | |
| 28¾ | 17¾ | Zero x | 0.12 | 0.4 | 20 | 83 | 27$\frac{11}{16}$ | 27 | 27⅝ | +⅜ |
| 12$\frac{7}{16}$ | 10¾ | ZweigFd♣ | 1.20 | 9.7 | | 363 | 12⅜ | 12$\frac{3}{16}$ | 12⅜ | +$\frac{1}{16}$ |
| 9$\frac{1}{16}$ | 8 | Zweig Tot x | 0.84 | 9.4 | | 850 | 9 | 8$\frac{15}{16}$ | 9$\frac{1}{16}$ | -⅛ |

*Price data supplied by Extel, part of FT Information.*

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
# Dealings suspended.

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# AMEX PRICES

4 pm close August 7



# NASDAQ NATIONAL MARKET

4 pm close August 7

## - J -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Jones Med | 0.10 | 37 | 2144 | 29⅝ | 28⅞ | 29⅜ | -½ |
| JSB Fin x | 1.40 | 16 | z0 | 44½ | 44½ | 44½ | |
| Juno Ltg | 0.32 | 13 | 473 | 15⅞ | 15¼ | 15¾ | -⅛ |
| Justin | 0.16 | 15 | 1577 | u14 | 13⅝ | 13$\frac{13}{16}$ | +⅛ |

## - K -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| K Swiss | 0.08 | 175 | 94 | 15¾ | 15¼ | 15¾ | -½ |
| Kaman Cp | 0.44 | 27 | 926 | 16⅝ | 16 | 16½ | +⅛ |
| Kelly Sv | 0.88 | 16 | 1315 | 32¼ | 31¾ | 32 | -¼ |
| Kimball | 1.16 | 15 | 1216 | 42⅞ | 41⅞ | 42⅞ | +⅞ |
| KLA-Tn | | 52 | 11141 | u66¾ | 64$\frac{7}{16}$ | 65$\frac{3}{16}$ | -$\frac{15}{16}$ |
| Koll A | | | z0 | ⅛ | ⅛ | ⅛ | |
| Komag♣ | | 19 | 10795 | 20¾ | 19½ | 19¾ | -⅞ |
| Kulicke S | | | 5449 | 43⅞ | 42⅝ | 42¾ | -¼ |

## - P - Q -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| PioneerSt | 0.12 | 14 | 723 | 14¼ | 14⅛ | 14⅝ | +¼ |
| Pixar | | 30 | 2978 | 18½ | 17⅞ | 18 | +$\frac{3}{16}$ |
| PlHardA | | 38 | 3106 | 23⅛ | 21½ | 21½ | -1$\frac{5}{16}$ |
| PLDTel | | 7 | 20 | 6⅛ | 6⅛ | 6⅛ | +⅛ |
| Procebk x | 0.68 | 9 | 329 | 21¼ | 20$\frac{3}{16}$ | 21¼ | +1⅛ |
| Powell | | 16 | 18 | 17¼ | 16⅝ | 17¼ | +½ |
| PresCas | | | 733 | ⅝ | ½ | ½ | - |
| Pres Life | 0.20 | 15 | 259 | 19½ | 19 | 19$\frac{3}{16}$ | |
| Presstek | | 133 | 2365 | 43¾ | 41⅝ | 42$\frac{11}{16}$ | +1$\frac{1}{16}$ |
| PridePt♣ | | 13 | 8355 | u27½ | 27⅛ | 27⅛ | -⅛ |
| Prisinoni | | 18 | 539 | 15¾ | 15 | 15½ | +¼ |
| Qualcomm | | 48 | 9898 | 49⅛ | 46¾ | 46¾ | -1⅛ |
| Qual Food | | 23 | z0 | 41$\frac{7}{16}$ | 41$\frac{7}{16}$ | 41$\frac{7}{16}$ | -⅛ |
| Quantum | | 19 | 60785 | u36½ | 34$\frac{13}{16}$ | 35$\frac{11}{16}$ | +$\frac{3}{16}$ |
| Quicksilv | | 21 | 843 | 36⅛ | 33 | 35⅝ | -1⅛ |
| Quintiles | | 172 | 4405 | 76¾ | 75½ | 75¾ | -1 |

## - W -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| WmsSonoma | | 46 | 855 | 42¼ | 40½ | 40¾ | -1⅞ |
| Wolohan L | 0.28 | 12 | 13 | 12 | 12 | 12 | -⅜ |
| Wrldcm | | | 30635 | 34⅝ | 33½ | 33½ | -⅞ |
| Wrthngtn | 0.52 | 20 | 2039 | 20¼ | 20 | 20⅛ | +$\frac{1}{16}$ |
| WPP ADR | 0.29 | 20 | 818 | 43½ | 43 | 43⅜ | -½ |
| Wyman-Gdn | 0.40 | 35 | 984 | 27⅜ | 26¾ | 27⅛ | +⅜ |

## - X - Y - Z -

| Stock | Div. | P/E | Sls 100s | High | Low | Last | Chng |
|---|---|---|---|---|---|---|---|
| Xilinx♣ | | 39 | 26209 | 57⅛ | 55¼ | 56$\frac{1}{16}$ | +1$\frac{1}{16}$ |
| Xircom | | 24 | 15491 | 15¼ | 14¼ | 14⅜ | -$\frac{3}{16}$ |
| Xoma Corp | | | 10060 | 6⅞ | 6½ | 6$\frac{11}{16}$ | +¼ |
| Yahoo | | | 3450 | 58⅛ | 53¾ | 53$\frac{13}{16}$ | -1$\frac{3}{16}$ |
| Yellow | | | 3326 | 28⅜ | 27⅝ | 27⅝ | -⅝ |
| York Rsch | | 18 | 123 | 6$\frac{7}{16}$ | 6⅛ | 6⅜ | +⅛ |
| ZionsUtah | 0.48 | 20 | 639 | 37 | 36⅛ | 36⅜ | -⅝ |

# EASDAQ

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| Company | Mid price | Change on day | Volume | High | Low | Company | Mid price | Change on day | Volume | High | Low |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ActivCard | US$3 | -0.250 | 10040 | 3 | 3 | Lernout & Hauspie | US$29.625 | -0.25 | 4100 | 29.375 | 29.5 |
| Artwork Systems | US$9.25 | -0.125 | 5250 | 9.25 | 9.125 | Mercer Int'l | US$9.875 | | | | |
| Chemunex | FFr17.5 | | 14600 | 11 | 11 | NTL | US$22.75 | | | | |
| Dialogue Holdings | GBP6.65 | -0.2 | 103450 | 6.4 | 6.65 | PxTech | US$3.625 | -0.125 | 4500 | 3.5 | 3.625 |
| Dr Solomon's ADS | US$26.625 | -0.625 | 3500 | 26.25 | 26.5 | Schoeller-Bleckmann | Sch1285 | +40 | 9040 | 1240 | 1290 |
| EDAP TMS | US$8.5 | | | | | Topcall Int'l | Sch3353 | +30 | 2880 | 3330 | 3325 |
| Esprit Telecom ADS | US$6.5 | +0.5 | 6000 | 6.25 | 6.25 | Turbodyne Technol | US$3.85 | -0.03 | 12000 | 3.75 | 3.75 |
| Innogenetics | US$10.5 | -0.125 | 66150 | 10.375 | 10.375 | | | | | | |

Prices for 7/8/97. Please note that mid prices are now used to calculate highs and lows. Information about EASDAQ can be found on the Web site at HTTP://WWW.EASDAQ.be EASDAQ offices are located in Brussels (Tel: 32 2 / 227 65 20) and in London (Tel: 44-171 / 489 9890)

* FINANCIAL TIMES

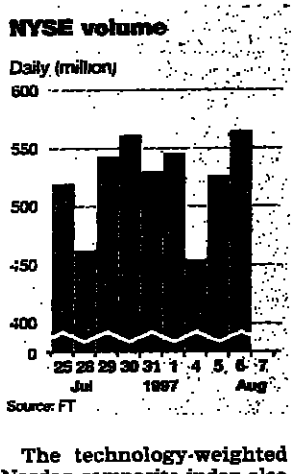
Friday August 8 1997

# Dow trades narrowly at midsession

AMERICAS

US stocks had a lacklustre morning with the principal indices rising modestly against a background of a flat market, *writes John Labate in New York.*

The Dow Jones Industrial Average had risen 14.17 at 8,273.94 by early afternoon. The Standard & Poor's 500 index had added less than one point at 960.73. Market volume was moderate.



Source: FT

The technology-weighted Nasdaq composite index also showed gains of less than a point at 1,631.33.

"There's been a significant shift away from non-durable leaders to capital goods, basic materials and technology stocks," said Mr Michael Metz, chief investment strategist at Oppenheimer in New York. Investors are favouring stocks that can deliver on overseas expansion and export growth, Mr Metz added.

Underpinning the Dow were gains by telecommunications leader AT&T and equipment producer Caterpillar, both of which benefited from recent upgradings by analysts. AT&T shares rose $1⅝ or more than 4 per cent at $40 11/16, while Caterpillar gained $2⅝ at $61⅛.

Financial stocks traded lower, reversing the recent run of strong sessions. "Banks have been up so much the last couple of days that this is just a pullback," said Mr Warren Epstein, director of trading at Richard Rosenblatt & Company in New York.

Citicorp, one of the sector's biggest recent gainers, fell $1 11/16 at $138. However, Bank of New York continued to make upward progress, trading $ 3/16 higher at $47⅞.

Midday bond prices were little changed with the long bond price hovering at 101⅞ to yield 6.477 per cent.

Technology stocks were mixed and the Pacific Stock Exchange's technology index edged up less than one point to 338.58. Software leader Microsoft fell $⅜ at $143 1/16 and rival Oracle lost $¾ at $57⅝. Apple Computer continued to surge higher, rising $2¾ or more than 10 per cent at $29 1/16. Compaq Computer also advanced, gaining $3⅜ to $62 1/16.

**TORONTO** continued to climb into uncharted territory, building on the record highs of the past two days with an active early session. At noon, the 300 composite index was 17.40 ahead at 6,951.10.

Golds continued to gain ground and there was a good rise at Northern Telecom on news of a supply contract with the Daimler Benz group of Germany. Banks reacted to their recent strong run with a mixed performance.

Both Barrick Gold and Placer Dome gained 35 cents, rising to C$31.45 and C$23.75 respectively. Northern Telecom jumped C$1.75 to C$145.25. Royal Bank of Canada added 15 cents at C$67.75 but Toronto-Dominion Bank dipped 15 cents to C$44.55.

Among leaders generally, Alcan Aluminium gained 15 cents to C$54.45 and Seagram put on 25 cents to C$52.50. Newbridge Networks shed 90 cents to C$63.65.

## Mexico City slips lower

Latin American centres had a mixed morning with loses among the two leading bourses overshadowing modest gains elsewhere.

**MEXICO CITY** still had the bit firmly between its teeth at the outset, moving rapidly at the opening bell and showing every indication of wanting to build on the previous day's record close.

But the momentum quickly fizzled out and by mid-morning the market was starting to slip lower.

The IPC index, which had advanced a further 1.2 per cent after the first hour of trading, was 11.50 lower at 5,201.39 at midsession. Dealers said the opening surge was due partly to run over orders from Wednesday.

"There was no real follow-through and then the profit-takers came in," said one broker.

Market heavyweight Telmex was off 10 centavos at 21.55 pesos at the end of morning trading.

**SAO PAULO** traded quietly in subdued volume. At midsession the Bovespa index was 100 lower at 12,423.

## Fresh record for Jo'burg

**Johannesburg moved ahead strongly on foreign demand and futures-driven trade.**

**The all-share index pierced the 7,600 level for the first time with a 67.6 rise to 7,614.4 in big turnover.**

**De Beers jumped more than 5 per cent to a high of R178.00.**

**Sentiment was boosted by buoyant foreign markets and continued speculation that interest rates would be cut. Sasol was seen as a rand-hedge and trade in the shares accounted for R300m of the day's turnover of R1.9bn.**

**Sasol ended at R59.00, up 75 cents.**

**The industrial index rose 67.1 to a new closing high of 9,314.2 and golds put on 10.1 to 967.1.**

# Frankfurt gains on strong corporate news

EUROPE

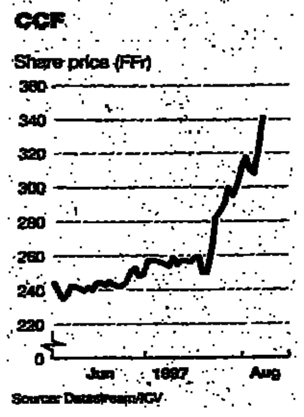
Buoyed by solid corporate results and an active day for the financial sectors **FRANKFURT** moved ahead strongly to close within easy reach of best-ever levels.

Top of the range results from Schering and Veba, plus a positive statement from Bilfinger and Berger, set an upbeat tone from the opening bell and the broad market barely faltered throughout the session.

In good two-way volume, the Dax rose 63.83 to an Ibis-indicated 4,428.08. This was 32 points short of the session-high and just 10 points adrift of the all-time high set on the last day of July.

It was a strong session, underpinned later on by the record highs on Wall Street. Allianz jumped DM13.30 to DM458.50 and the banks were in equally buoyant form amid renewed talk of mergers. Deutsche Bank gained DM2.85 to DM120.50, Dresdner DM3.04 to DM81.65 and Commerzbank DM1.48 to DM63.95.

Veba ended DM1.40 higher at DM112.70 after strong interim results led Goldman Sachs to reiterate its "buy" recommendation and up its target price to DM125. DG Bank edged up its Veba earnings forecasts for this year and 1998. Among other utilities, Viag added DM10.50 at DM794.50.



Source: Datastream/ICV

Schering improved 40pfg to DM207.50 after forecasting 20 per cent earnings growth for this year. "This group is notoriously conservative," said one broker. Hypo-Bank lifted 1997 earnings estimates for the chemicals and drugs group.

Bilfinger's forecast of a 4 per cent rise in construction output this year lifted the stock 50pfg to DM75. News that Siemens is to buy the other half of its joint components venture with Ford of the UK sent Siemens up DM4.75 to DM29.201.

Adidas gained DM12.50 to DM230.50 after Commerzbank reaffirmed its "buy" stance for the shares and set a target price of DM250.

**PARIS** also took its cue from Wall Street, but the CAC 40 index came off its high of 3,074.31 to end 19.25 up at 3,056.34.

Shares in bank Credit Commercial de France were boosted by comments suggesting it was considering a large acquisition. However, some analysts said CCF itself could be a takeover target, possibly from a German bank. The shares ended up FFr19.20 or almost 6 per cent at FFr341.20.

Hotels group Accor ended FFr31.00 up at FFr981 after first-half sales figures released late on Wednesday showed a sharp rise in the second quarter.

Rhône-Poulenc went in the opposite direction to the rest of the market as worries intensified that it might have to increase its bid for minorities in Rhône-Poulenc Rorer from the expected $92 per share. The chemicals group lost FFr4.00 to FFr255.70.

**AMSTERDAM** broke new ground as the market focused on Wall Street's strength and finally laid to rest fears about interest rate increases. The AEX index broke through 1,000 to close at 1010.97, up 18.08 or 1.8 per cent.

Sentiment was not affected by disappointing results from Elsevier and Royal Dutch Shell. Elsevier fell Fl 2.30 or 6 per cent to Fl 35.20 after the Anglo-Dutch publishing group announced first-half profits at the lower end of analysts' expectations, which overshadowed a big rise for the dividend.

Other publishers initially experienced some selling pressure, but Wolters Kluwer rebounded to end Fl 8.60 up at Fl 282.70.

Oil leader Royal Dutch Shell dipped Fl 2.30 to Fl 117.90 after reporting lower second-quarter net income. The shares hit a low of Fl 114.20 at one stage. Financial stocks extended their gains, with ABN Amro adding Fl 2.30 or 4.7 per cent to Fl 51.20 and ING gaining Fl 2.70 to Fl 102.50.

PolyGram continued its strong run on hopes for a successful run for the *Mr Bean* film, rising Fl 5.40 or 4.5 per cent to Fl 125.40.

**ZURICH** bounced higher, led upwards by a busy session for the banks.

CS Group was the day's most active stock with a rise of SFr7.50 or 3.8 per cent to SFr207.50. Renewed talk of a stronger alliance with the Winterthur insurance giant was said to be behind the upsurge. UBS added SFr36.00 at SFr1,660 and SBC SFr9.50 at SFr416.50.

At the close the SMI index was 110 higher at 5,922.1.

**MILAN** got away to a flying start, with Alitalia soaring more than 18 per cent in the opening minutes of trading. The stock was quickly suspended limit-up and stayed suspended when the 12.55pm deadline for the restart of dealings came and went.

At the end of the session the bourse authorities ruled that, given the absence of trading, the shares should be quoted unchanged at L1,089.

For followers of Italian bourse curiosities, it was a moment to savour. Alitalia shares, which are notoriously illiquid, have been hoisted lately by talk of an imminent link with KLM of the Netherlands and an early return to profits. They stood at L582 in the middle of June.

The closing calculation on the Mibtel real-time index was 14,822, a gain of 181.

**STOCKHOLM** rallied on the back of sharp gains in banks and insurance stocks.

The general index closed up 50.73 at 3,276. Ericsson B added Skr2.00 at Skr370.50, off earlier highs due to profit-taking.

Astra A closed up Skr0.50 at Skr152 ahead of today's first-half results.

**HELSINKI** closed broadly higher, led by Nokia and forestries amid continued support from the strong dollar.

The general HEX index closed up 41.11 at 3,685.88.

**Written and edited by Jeffrey Brown and Greta Steyn**

FTSE Actuaries Share Indices — European series

August 7

| National & Regional Markets | Ecu Index | Day's % | change points | Yield gross % | xd adj | Total retn (Ecu) |
|---|---|---|---|---|---|---|
| FTSE Eurotop 300 | 1015.78 | +0.84 | +8.49 | 2.25 | 0.00 | 1015.98 |
| FTSE Eurotop 100 | 2355.95 | +0.82 | +19.17 | – | – | – |
| **FTSE Eurotop 300 Regions** | | | | | | |
| 300 UK | 1015.10 | +0.31 | +3.14 | 3.26 | 0.00 | 1015.54 |
| 300 Ex-UK | 1016.14 | +1.15 | +11.55 | 1.88 | 0.00 | 1016.17 |
| 300 Eurobloc | 1016.06 | +0.97 | +9.74 | 1.85 | 0.00 | 1016.11 |
| 300 Ex-Eurobloc | 1015.58 | +0.75 | +7.59 | 2.54 | 0.00 | 1015.85 |
| **FTSE Eurotop 300 Economic Groups** | | | | | | |
| Resources | 1044.46 | –0.91 | –9.56 | 2.67 | 0.00 | 1044.46 |
| General Industries | 1034.11 | +1.27 | +12.99 | 1.92 | 0.00 | 1034.11 |
| Consumer Goods | 999.13 | +0.42 | +4.20 | 1.87 | 0.00 | 999.52 |
| Services | 993.23 | +0.26 | +2.59 | 2.25 | 0.00 | 993.89 |
| Utilities | 988.21 | +0.67 | +6.55 | 3.24 | 0.00 | 988.21 |
| Financials | 1022.41 | +1.82 | +18.28 | 2.26 | 0.00 | 1022.49 |

Base value 1000. More information on http://www.ftse.com. 'FTSE' and 'Footsie' are registered trade marks of the London Stock Exchange and The Financial Times. 'Eurotop' is a registered trade mark of the Amsterdam Stock Exchange. FTSE Eurotop indices are compiled by FTSE International. 

# Tokyo reverses firm opening to end 1.2% lower

ASIA PACIFIC

Tokyo tumbled as the decline in Nikkei 225 index futures prompted arbitrageurs to pull out of cash stocks, *writes Gwen Robinson.*

The Nikkei 225 average slid 226.22 or 1.2 per cent to 19,475.85 after trading between 19,336.14 and 19,772.18. Trading began on a firm note as domestic and foreign institutions carried out large basket-style purchases. Banks rebounded following the previous day's report that the government will allow banks other financial institutions to issue perpetual bonds.

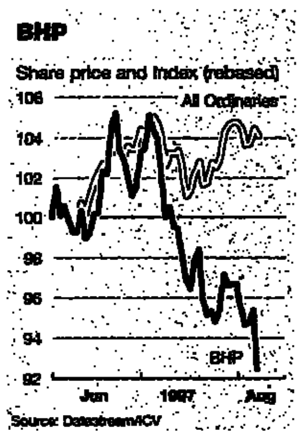
But the upward momentum was soon lost once Nikkei index futures started to slide in Osaka, which sparked fresh bouts of profit-taking in the cash market. The 225 index slid further in the afternoon as securities houses sold construction-related stocks on growing concern about the sector's financial health.

Volume eased from 392m shares to an estimated 378m. Declines overwhelmed advances 869 to 228 with 155 unchanged. The Topix index of all first-section stocks fell 10.53 to 1,497.18 and the capital-weighted Nikkei 300 was down 1.80 at 293.03.

General contractors continued to suffer from concerns about the poor earnings outlook in the face of cash flow problems and planned cuts in public works spending. Aoki fell Y7 to Y60, Fujita Y21 to Y95, and Shimizu Y30 to Y570.

Many blue-chip exporters saw profit-taking after the previous day's gains. TDK slid Y90 to Y9,900, Kyocera Y270 to Y9,530 and Pioneer Electronic Y160 to Y2,740. Honda fell Y110 to Y3,680 and Toyota Y10 to Y3,250.

However, Sony rose Y200 to Y12,100 and Nikon Y90 to Y2,360.



Source: Datastream/ICV

Banking issues gained ground. Long-Term Credit Bank of Japan, the day's most active issue, rose Y36 to Y570 in spite of news that Moody's Investor Service had downgraded its senior debt rating. Industrial Bank of Japan rose Y20 to Y1,680 and Sakura Bank Y17 to Y735 on active buying by foreign brokers.

Ahead of today's listing of Fuji Television, broadcasting issues were popular. Nippon Television Network rose Y600 to Y47,600 and Tokyo Broadcasting System Y60 to Y2,020.

Among leading securities houses, Nomura Securities was the only winner, rising Y20 to Y1,700, while Daiwa Securities fell Y28 to Y760 and Yamaichi Securities Y14 to Y238.

In Osaka, the OSE average fell 162.96 to 20,225.85 and volume eased to 13m shares.

**SYDNEY** closed lower following a shake-out for resources leader BHP. The All Ordinaries index came off 9.4 to 2,717.7. BHP fell 55 cents or 3 per cent to A$17.44 on news of management changes. Brambles gained A$1.13 or 4 per cent to A$29.11 following sparkling results from joint venture partner GKN of the UK.

**JAKARTA** fell steeply as higher interest rates and new rules for retail investors hit sentiment. The composite index ended 21.92 or 3.13 per cent lower at 677.94.

The wave of selling prompted a confidence-boosting visit to the exchange by Mr Marie Muhammad, the finance minister.

The central bank tightened monetary policy in an effort to stave off an attack on the rupiah.

New margin finance regulations for retail investors also fuelled bearish sentiment.

Brokers said rights issues over the next few weeks had added to the market's woes.

**KUALA LUMPUR** was plagued by rumours that played havoc with a market already worried about the economy. The composite index shed 23.41 or 2.5 per cent to 928.33.

Rumours that the central bank governor and the finance minister were to be replaced were denied.

There was also talk that a large pension fund, which had been propping up the market with its buying in recent days, had hit the ceiling for the amount of money it could invest.

It all helped depress sentiment that had already been damaged by recent news of a widening trade deficit and aggressive central bank moves to limit currency speculation.

Malayan Bank shed 30 cents to M$22.60, Telekom Malaysia lost 30 cents to M$9.00 and United Engineers was down M$1.00 at M$16.20.

**MANILA** paused for breath after climbing for eight sessions. The main index closed 24.78 lower at 2,670.01 in thin volume. Brokers said profit-takers shrugged off lower interest rates as they believed a correction was due.

**HONG KONG** extended its record run in best-ever volume. The Hang Seng index rose 131.67 to an all-time high of 16,673.27 in turnover of HK$34.2bn.

Property stocks continued to lead the way, with Cheung Kong rising HK$4.75 to HK96.75 on 11.7m shares traded. Among smaller caps, Great Eagle gained HK$1.35 to HK$29.55 and Shun Tak 25 cents to HK$4.875. In banks, HSBC added HK$2.00 at HK$271.

Alpha General made a firm debut, rising to HK$1.32 before closing at HK$1.17, against a flotation price of HK$1.00.

**SINGAPORE** closed lower on rumours that the government was planning to scrap the dual listing system for foreign and local tranche shares.

The Straits Times index ended off 5.38 at 1,953.24. Hongkong Land was again active, closing up 2 cents at US$3.42 on 20.9m traded.

## FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

| NATIONAL AND REGIONAL MARKETS<br>Figures in parentheses show number of lines of stock | Wed Aug 6 1997: US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | Tue Aug 5 1997: US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Dollar Index: 52 week High | 52 week Low | Year ago (approx) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia (76) | 236.45 | 0.1 | 218.95 | 177.71 | 230.42 | 214.00 | 0.8 | 3.57 | 236.09 | 215.09 | 177.77 | 230.63 | 212.27 | 243.87 | 197.46 | 197.46 |
| Austria (25) | 199.14 | 1.0 | 184.41 | 149.67 | 194.07 | 193.95 | 0.8 | 1.69 | 197.11 | 179.57 | 148.41 | 192.55 | 192.43 | 206.00 | 174.70 | 178.14 |
| Belgium (29) | 239.99 | 0.5 | 222.24 | 180.37 | 233.88 | 229.10 | 0.3 | 2.98 | 238.72 | 217.49 | 179.75 | 233.20 | 228.42 | 261.11 | 213.92 | 215.40 |
| Brazil (30) | 297.75 | 4.2 | 275.72 | 223.78 | 290.16 | 594.15 | 4.2 | 1.24 | 285.82 | 260.40 | 215.22 | 279.21 | 570.31 | 322.44 | 172.54 | 176.08 |
| Canada (127) | 224.03 | 0.2 | 207.46 | 168.38 | 218.32 | 224.50 | 0.4 | 1.62 | 223.68 | 203.78 | 168.43 | 218.51 | 223.85 | 224.03 | 158.81 | 158.81 |
| Denmark (32) | 381.29 | –0.1 | 353.09 | 286.57 | 371.58 | 370.26 | –0.4 | 1.38 | 381.59 | 347.65 | 287.33 | 372.78 | 371.71 | 421.25 | 311.03 | 311.03 |
| Finland (28) | 309.57 | 1.7 | 286.67 | 232.66 | 301.68 | 362.91 | 1.8 | 1.52 | 304.38 | 277.30 | 229.19 | 297.33 | 357.34 | 314.06 | 197.20 | 197.20 |
| France (83) | 227.08 | 1.8 | 210.28 | 170.67 | 221.30 | 225.39 | 1.6 | 2.34 | 223.01 | 203.17 | 167.92 | 217.85 | 221.89 | 237.57 | 187.30 | 190.73 |
| Germany (59) | 228.69 | 0.9 | 211.77 | 171.88 | 222.86 | 222.86 | 0.6 | 1.28 | 226.73 | 206.56 | 170.72 | 221.49 | 221.49 | 238.42 | 172.93 | 174.35 |
| Hong Kong, China (66) | 576.93 | 1.7 | 534.25 | 433.61 | 562.24 | 573.39 | 1.8 | 2.68 | 567.06 | 516.62 | 426.96 | 553.94 | 563.53 | 576.93 | 421.41 | 425.77 |
| Indonesia (27) | 221.48 | –1.9 | 205.10 | 166.46 | 215.84 | 351.77 | –2.5 | 1.85 | 225.74 | 205.66 | 169.98 | 220.52 | 360.76 | 254.90 | 183.62 | 193.86 |
| Ireland (17) | 369.39 | 0.3 | 342.06 | 277.63 | 359.98 | 362.83 | 0.3 | 2.69 | 368.26 | 335.50 | 277.29 | 359.74 | 361.72 | 374.84 | 280.72 | 280.72 |
| Italy (53) | 98.14 | 2.8 | 90.88 | 73.76 | 95.64 | 134.67 | 2.8 | 1.76 | 95.46 | 86.97 | 71.88 | 93.25 | 131.02 | 105.79 | 73.26 | 77.56 |
| Japan (485) | 131.21 | 1.7 | 121.50 | 98.62 | 127.87 | 98.62 | 1.6 | 0.80 | 128.96 | 117.49 | 97.11 | 125.98 | 97.11 | 149.58 | 107.57 | 148.92 |
| Malaysia (107) | 439.95 | 0.9 | 407.40 | 330.66 | 428.74 | 446.96 | 0.7 | 1.55 | 436.13 | 397.33 | 328.39 | 426.04 | 443.85 | 660.85 | 438.13 | 539.38 |
| Mexico (27) | 1864.38 | 0.8 | 1726.45 | 1401.23 | 1816.89 | 15954.81 | 0.5 | 1.41 | 1849.20 | 1684.71 | 1392.39 | 1806.42 | 15779.29 | 1864.38 | 1136.59 | 1231.40 |
| Netherlands (19) | 427.11 | 1.5 | 395.51 | 321.01 | 416.23 | 411.61 | 1.3 | 1.89 | 420.80 | 383.37 | 316.85 | 411.07 | 406.36 | 428.86 | 295.84 | 296.84 |
| New Zealand (14) | 90.01 | –1.4 | 83.35 | 67.65 | 87.72 | 74.71 | –0.5 | 3.89 | 91.29 | 83.17 | 68.74 | 89.18 | 75.11 | 96.47 | 80.77 | 84.16 |
| Norway (41) | 324.78 | 1.8 | 300.76 | 244.10 | 316.51 | 340.14 | 1.4 | 1.81 | 319.03 | 290.65 | 240.22 | 311.65 | 335.61 | 326.60 | 246.29 | 248.15 |
| Philippines (22) | 153.54 | 2.1 | 142.18 | 115.40 | 149.63 | 217.69 | 1.2 | 0.94 | 150.40 | 137.02 | 113.25 | 146.92 | 215.11 | 214.07 | 138.54 | 203.40 |
| Singapore (42) | 370.23 | –0.1 | 342.84 | 278.25 | 360.79 | 251.14 | 0.0 | 1.21 | 370.40 | 337.45 | 278.90 | 361.83 | 251.17 | 448.01 | 360.08 | 390.05 |
| South Africa (44) | 355.33 | 0.4 | 329.04 | 267.06 | 346.28 | 363.12 | 0.9 | 2.40 | 353.92 | 322.44 | 266.49 | 345.73 | 359.82 | 370.12 | 301.49 | 341.94 |
| Spain (33) | 243.35 | 2.8 | 225.35 | 182.90 | 237.15 | 292.27 | 2.6 | 2.27 | 236.77 | 215.71 | 178.28 | 231.30 | 284.82 | 276.05 | 173.01 | 179.37 |
| Sweden (48) | 502.58 | 2.2 | 465.40 | 377.73 | 489.78 | 599.59 | 2.0 | 1.72 | 491.75 | 448.01 | 370.27 | 480.37 | 587.64 | 511.95 | 350.98 | 350.98 |
| Switzerland (33) | 307.50 | 1.1 | 284.75 | 231.11 | 299.67 | 291.45 | 0.8 | 1.15 | 304.27 | 277.21 | 229.11 | 297.24 | 289.26 | 329.59 | 231.69 | 246.19 |
| Thailand (42) | 58.86 | –2.5 | 54.51 | 44.24 | 57.38 | 72.13 | –3.4 | 4.27 | 60.38 | 55.01 | 45.46 | 58.98 | 74.84 | 150.45 | 47.55 | 149.85 |
| United Kingdom (213) | 314.59 | –0.4 | 291.32 | 236.44 | 306.58 | 291.32 | 1.2 | 3.46 | 315.87 | 287.77 | 237.84 | 308.56 | 287.77 | 325.28 | 235.89 | 235.89 |
| USA (639) | 389.67 | 0.8 | 360.84 | 292.87 | 379.74 | 389.67 | 0.8 | 1.59 | 386.62 | 352.23 | 291.12 | 377.68 | 386.62 | 389.67 | 284.75 | 289.56 |
| Americas (823) | 356.35 | 0.8 | 329.98 | 267.82 | 347.27 | 300.11 | 0.8 | 1.58 | 353.51 | 322.07 | 266.19 | 345.34 | 297.71 | 356.35 | 242.47 | 248.24 |
| Europe (714) | 276.25 | 0.8 | 255.81 | 207.62 | 269.21 | 271.40 | 1.3 | 2.37 | 274.05 | 249.68 | 206.36 | 267.71 | 268.03 | 284.44 | 211.05 | 211.05 |
| Nordic (150) | 426.07 | 1.8 | 394.54 | 320.22 | 415.21 | 446.34 | 1.6 | 1.65 | 418.69 | 381.44 | 315.26 | 409.00 | 439.54 | 437.88 | 303.56 | 303.56 |
| Pacific Basin (881) | 150.52 | 1.5 | 139.38 | 113.12 | 146.68 | 113.84 | 1.4 | 1.27 | 148.27 | 135.08 | 111.64 | 144.84 | 112.26 | 163.27 | 127.18 | 161.72 |
| Euro-Pacific (1595) | 203.00 | 1.1 | 187.98 | 152.57 | 197.83 | 173.01 | 1.3 | 1.89 | 200.78 | 182.92 | 151.18 | 196.13 | 170.75 | 209.12 | 173.55 | 182.15 |
| North America (766) | 379.38 | 0.8 | 351.31 | 285.13 | 369.71 | 378.64 | 0.8 | 1.59 | 376.53 | 343.03 | 283.51 | 367.82 | 375.75 | 379.38 | 258.56 | 262.73 |
| Europe Ex. UK (501) | 249.21 | 1.5 | 230.77 | 187.30 | 242.86 | 253.41 | 1.3 | 1.75 | 245.54 | 223.70 | 184.89 | 239.86 | 250.23 | 256.73 | 191.01 | 192.40 |
| Pacific Ex. Japan (396) | 315.31 | 0.8 | 291.98 | 236.98 | 307.27 | 283.22 | 1.0 | 2.66 | 312.63 | 284.82 | 235.40 | 305.40 | 280.41 | 320.65 | 280.02 | 280.02 |
| World Ex. US (1823) | 207.58 | 1.1 | 192.23 | 156.02 | 202.30 | 180.25 | 1.3 | 1.87 | 205.35 | 187.08 | 154.62 | 200.60 | 177.93 | 212.89 | 176.94 | 183.38 |
| World Ex. UK (2249) | 261.11 | 1.1 | 241.79 | 196.24 | 254.46 | 235.14 | 1.0 | 1.55 | 258.29 | 235.32 | 194.49 | 252.32 | 232.73 | 262.69 | 204.12 | 207.54 |
| World Ex. Japan (1977) | 334.29 | 0.8 | 309.56 | 251.25 | 325.77 | 330.01 | 1.0 | 1.90 | 331.64 | 302.14 | 249.71 | 323.96 | 326.86 | 334.83 | 242.70 | 243.48 |
| The World Index (2482) | 265.75 | 0.9 | 246.09 | 199.73 | 258.98 | 240.45 | 1.1 | 1.73 | 263.27 | 239.85 | 198.23 | 257.18 | 237.94 | 267.21 | 207.64 | 210.05 |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